

STATE OF IDAHO Comprehensive Annual Financial Report



For the Fiscal Year Ended June 30, 2015

Lakes of Idaho



Redfish Lake

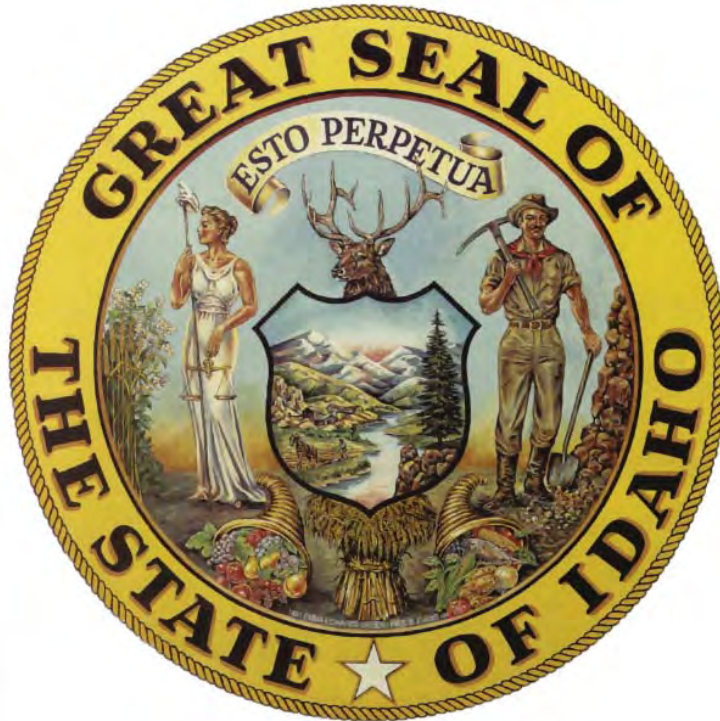
On the Cover: Payette Lake

Courtesy of Allyssa Bateman

All other photos courtesy of Idaho Tourism

State of
IDAHO

Comprehensive Annual Financial Report



For the Fiscal Year Ended June 30, 2015

C.L. "Butch" Otter
Governor

Brandon D Woolf
State Controller

Prepared by the Office of the State Controller

This document and related information are available at www.sco.idaho.gov



Office of the State Controller

IDAHO

Brandon D Woolf
State Controller

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Thanks and appreciation to the Bureaus of Accounting Operations, Systems Administration,
and Application Development in the Office of the State Controller.

Special appreciation to all fiscal and accounting personnel throughout the State whose efforts to
contribute accurate, timely financial data for their agencies make this report possible.



Comprehensive Annual Financial Report

IDAHO

For The Fiscal Year Ended June 30, 2015

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IDAHO

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Introductory Section



Priest Lake



STATE OF IDAHO
OFFICE OF THE STATE CONTROLLER
Brandon D Woolf

December 31, 2015

To: The Citizens, Governor, and Members of the Idaho State Legislature

As the State's Chief Fiscal Officer, I am pleased to present the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015, in accordance with Idaho Code Section 67-1001. This report represents Idaho's continued commitment to sound and effective fiscal management and responsible financial reporting based on generally accepted accounting principles (GAAP) established by the Governmental Accounting Standards Board.

The Office of the State Controller assumes responsibility for both the reliability and completeness of the information presented in this report. Internal controls are designed to provide reasonable, but not absolute, assurance that the financial statements are free from material misstatement. I am confident the information presented is accurate in all material respects and fairly sets forth the financial position of state operations based upon the internal control structure established by management.

In accordance with Idaho Code Section 67-702, the Legislative Audit staff of the State Legislature has audited the State's basic financial statements for the fiscal year ended June 30, 2015. Based upon that audit, the independent auditor has issued an unmodified opinion that the State of Idaho's basic financial statements are fairly presented in conformity with GAAP. The Independent Auditor's Report is located at the front of the financial section of this report.

In addition, the Legislative Audit staff conducts statewide audits under the Federal Single Audit Act of 1984 and the Code of Federal Regulations Title 2, *Grants and Agreements*, in order to meet the special needs of federal grantor agencies. Information regarding Idaho's Single Audit is issued in a separate report.

Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditor's Report on page 5 and provides a narrative introduction, overview, and analysis to accompany the basic financial statements. The intent of this letter of transmittal is to complement the MD&A and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The State of Idaho was admitted into the Union as the 43rd state in 1890. The State covers 83,557 square miles and has a population of 1.6 million people.

Idaho's government is divided into three branches. The Executive Branch is comprised of the Governor, Lieutenant Governor, Secretary of State, State Controller, State Treasurer, Attorney General, and Superintendent of Public Instruction. The Legislative Branch is comprised of two houses, a 35-member Senate and a 70-member House of Representatives. The Judicial Branch is administered and supervised by the Idaho Supreme Court, which is presided over by a Chief Justice and four Associate Justices.

The State provides services such as education, health and human services, highway maintenance and construction, public safety and correction, natural resource management, and economic development programs. The financial reporting entity includes all funds of the primary government as well as material component units for which the primary government is financially accountable. Additional information on component units can be found in Note 1 to the financial statements.

The annual budgetary process serves as the foundation for the State's financial planning and control. Budgets are annually appropriated for the following governmental funds: general, special revenue, capital projects, and earnings of the permanent funds. The budget is generally appropriated by agency, fund, program, and object. Legal level of budgetary control is maintained at the same level of detail as appropriated. Budgetary controls are incorporated into the Statewide Accounting and Reporting System to ensure expenditures do not exceed authorized appropriations. The expenditures of any fiscal year may not exceed anticipated revenues, ensuring a balanced budget. The budgetary process is further described in the note to the budgetary schedule on page 102 and the separately issued Legal Basis Financial Report.

ECONOMIC CONDITION

Financial Policies

Article VII of the Idaho Constitution allows for state revenue generation from a number of sources. This balanced approach to funding essential services allows the State to operate on a sound fiscal basis in a variety of economic conditions. In comparison to some neighboring states that rely primarily upon sales tax or income tax, Idaho derives comparable amounts of its own-source revenues from both sources, ensuring that vital services are less prone to disruption.

Per Idaho Code the State is able to maintain reserves for the purposes of meeting General Fund revenue shortfalls, meeting expenses incurred because of a major disaster, providing tax relief to the citizens of Idaho on a one-time basis, or providing a uniform and thorough system of public education. Overall increases in the reserve funds indicate the State's continued economic stability and growth.

Fund and Idaho Code	FY15 End Balances	Dollar Change
Budget Stabilization (57-814)	\$252.7 M	\$86.7 M
Economic Recovery (67-3520)	0.1 M	-
Public Education Stabilization (33-907)	90.9 M	18.1 M
Higher Education Stabilization (33-3726)	3.5 M	0.3 M
Totals	<u>\$347.2 M</u>	<u>\$105.1 M</u>

Note 14 contains additional detailed information regarding reserve funds.

Economy

Idaho's nonfarm employment has recovered, with payrolls in the state back above 2007 levels and unemployment below 4 percent. The State's economic recovery has evolved into an economic expansion, which is great news for the citizens of Idaho.

The recovering economy has led to a tightening local labor market. The market tightening has led to a decline in available workers. The decline in available workers has forced employers to offer higher wages; the annual average wage in Idaho increased 2.9 percent in 2014, the fastest pace since 2006.

Housing starts continued to rise in 2014, albeit at a lower-than-expected pace. They are forecast to grow an average of 6.2 percent per year over the next five years, while construction employment is expected to increase at a more modest 3.7 percent per year.

The State's logging and wood processing industry payrolls contracted in 2014 due to the less-than-forecasted growth of the housing constructions. However, industry payrolls are

expected to increase in the logging and wood products sector, on average, by 3.5 percent per year through 2019.

Idaho's food processing sector continues to expand. GoGo squeeZ, known for producing applesauce products, opened a production plant in Nampa. Sorrento Lactalis expanded its Nampa plant, which will provide the ability to increase its output from 7 million pounds of cheese per year to 31 million pounds per year. The outlook for Idaho's food processing sector is positive.

Nonfarm employment is forecast to improve 2.2 percent over the next four years, while national employment growth is predicted to average about 1.3 percent per year. This equates to growth from 673,011 jobs at the end of 2015 to 734,931 jobs by the end of 2018.

Personal income is expected to rise to \$37,488 by the end of 2015, a 2.1 percent increase over 2014. Economists expect personal income to increase to \$43,014 by the end of 2019, an average increase of 3.2 percent per year.

Long-Term Financial Planning

Indications appear to show a continued upward trend in General Fund revenues. In January 2015 economists projected fiscal year 2016 General Fund receipts to be \$3.1 billion; the revised number as of August 2015 projects receipt collection will be \$3.2 billion. Revenue forecasts for fiscal year 2016 predict individual income tax collections of \$1.5 billion, sales taxes collections of \$1.3 billion, corporate income tax collections of \$218.4 million, and product tax collections of \$50.6 million – all forecasted increases.

In order to improve and maintain the State's system of roads and highways, the Legislature in 2006 authorized the Idaho Transportation Board to issue Grant Anticipation Revenue Vehicle (GARVEE) bonds. The GARVEE program allows the planning, designing, and building of more highway projects in less time than traditional funding methods. To date, \$849.3 million have been drawn from issued bonds; improvements to six major transportation corridors are in various stages of completion.

Major Initiatives

- The Department of Health and Welfare received an appropriation of \$2.6 billion in fiscal year 2016, an increase of 2.5 percent from the previous year. Medicaid spending represents 80.5 percent of the Department's total appropriation. Federal funding provided 62.1 percent of the Department's total appropriation. General Fund funding for Medicaid increased 2.1 percent.
- The Public Schools' appropriation is \$1.8 billion for fiscal year 2016, a General Fund increase of \$101.2 million and an \$88.6 million overall increase

from fiscal year 2015. Some of the highlights of the increased appropriation include:

- \$26.9 million for facilities maintenance.
- \$16.1 million for teacher leadership premiums.
- \$13.2 million for teacher professional development.
- \$13.0 million for classroom technology.
- \$7.4 million for a 3 percent salary increase.
- \$6.0 million for advanced opportunities to allow students to take post-secondary courses.
- A total appropriation of \$228.9 million for the Department of Correction in fiscal year 2016 is an overall increase of 1.3 percent from the prior year.
- The Idaho Transportation Department is expected to raise \$94.0 million in new revenue to be used exclusively for maintenance of bridges and roads and for replacement projects at the state and local level. The Department will increase revenues by increasing the following:
 - Registration fees for personal (\$21) and commercial vehicles (\$25).
 - The motor fuels tax from 25 cents to 32 cents per gallon, which will be distributed in a 60-40 split between state and local highway jurisdictions.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Idaho for its CAFR for the fiscal year ended June 30, 2014. This is the 18th consecutive year the State has achieved this prestigious award. To be awarded a Certificate of Achievement, the

report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate. The State Controller's Office is committed to this ongoing effort and intends to maintain a highly qualified and professional staff to make Idaho's certification possible.

The Public Employee Retirement System of Idaho (PERSI) has prepared a CAFR for the System for the last 24 years. The PERSI also received GFOA's Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2014.

The State Controller's Office takes great pride in the preparation of this comprehensive report. I am pleased to recognize the professionalism and dedication demonstrated by financial managers and accountants of the state agencies and component units, along with staff within the State Controller's Office. In addition, the auditing staff of the Legislative Services Office must be recognized for their independence, dedication, and professionalism. Credit must also be given to Governor Otter and other state leaders for their dedication towards the management of Idaho's finances.

Respectfully submitted,



Brandon D Woolf
Idaho State Controller



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

State of Idaho

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

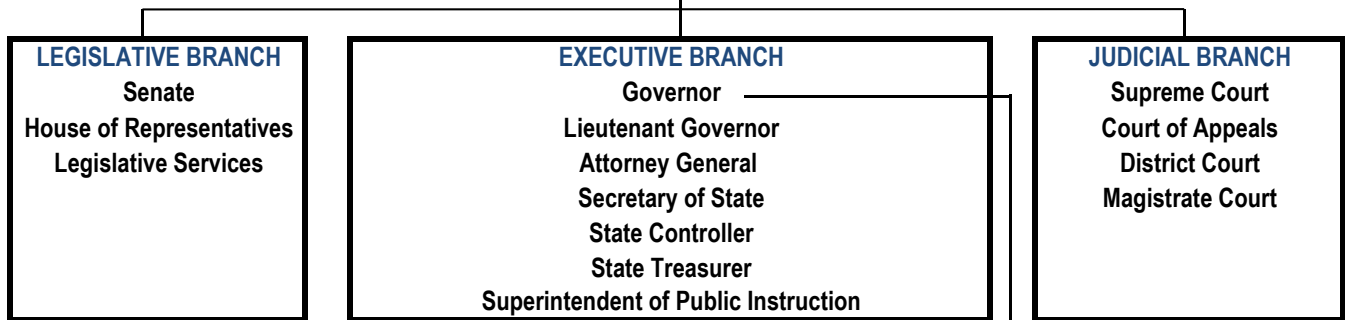
Executive Director/CEO



State Government Organization

IDAHO

Citizens of Idaho



State Entities by Function

General Government	Education	Natural Resources	Economic Development
Board of Tax Appeals Commissions: Aging Arts Blind and Visually Impaired Idaho Code Tax Uniform Laws Department of Administration Divisions of: Financial Management Human Resources Liquor Military Offices of: Drug Policy Performance Evaluations Species Conservation Public Employee Retirement System State Bar State Building Authority	Boise State University Division of Professional-Technical Education Eastern Idaho Technical College Idaho State University Lewis-Clark State College Public Broadcasting State Board of Education University of Idaho Vocational Rehabilitation	Departments of: Environmental Quality Fish and Game Lands Parks and Recreation Water Resources Endowment Fund Investment Board Office of Energy Resources Lava Hot Springs Foundation Wolf Control Board	Appellate Public Defender Boards of: Accountancy Dentistry Engineers and Surveyors Medicine Nursing Outfitters and Guides Pharmacy Veterinary Medicine Bureau of Occupational Licenses Commissions: Dairy Products Hispanic Affairs Industrial Libraries Potato Public Defender Public Utilities Real Estate Soil and Water Conservation Wheat Departments of: Agriculture Commerce Finance Insurance Labor Transportation Divisions of: Building Safety Veterans Services Idaho State Lottery State Historical Society
	Public Safety Brand Inspector Commissions: Pardons and Parole Racing Correctional Industries Departments of: Correction Juvenile Corrections Idaho State Police	Health and Human Services Catastrophic Health Care Department of Health and Welfare	



Statewide Elected Officials

IDAHO



C.L. "Butch" Otter
Governor



Lawrence Denney
Secretary of State



Brandon D Woolf
State Controller



Brad Little
Lieutenant Governor



Ron G. Crane
State Treasurer



Lawrence G. Wasden
Attorney General



Sherri Ybarra
*Superintendent of
Public Instruction*



Scott Bedke
*Speaker,
Idaho House of
Representatives*



Roger S. Burdick
*Chief Justice,
Idaho Supreme Court*



Brent Hill
*President
Pro Tempore,
Idaho State Senate*



Financial Section



Lake Couer d'Alene



Legislative Services Office

Idaho State Legislature

Eric Milstead
Director

Serving Idaho's Citizen Legislature

December 31, 2015

Independent Auditor's Report

Honorable C.L. "Butch" Otter, Governor
Honorable Members of the Legislature
Honorable Brandon D. Woolf, State Controller

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Idaho, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Boise State University, Eastern Idaho Technical College, Idaho State University, Lewis-Clark State College, University of Idaho and their respective component units, nor the Idaho Potato Commission, Idaho Dairy Products Commission, Idaho State Bar, Idaho Wheat Commission, Endowment Fund Investment Board, State Lottery Commission, Public Employee Retirement System of Idaho, Public Employees' Deferred Compensation Plan, IDEal Idaho College Savings Program, Idaho Individual High Risk Reinsurance Pool, Idaho Small Employer Health Reinsurance Program, Idaho Health Insurance Exchange, State of Idaho Idle Pool, Local Government Investment Pool, Diversified Bond Fund, Idaho Building Authority, Bond Bank Authority, and the Idaho Housing and Finance Association, which represent total assets and revenues of the government-wide financial statements and total assets and revenues of the fund financial statements as follows:

Opinion Unit	Percent of Assets	Percent of Revenues
Governmental Activities	34.9%	3.0%
Business-Type Activities	64.2%	69.6%
Aggregate Discretely Presented Component Units	98.8%	99.1%
General Fund	58.4%	0.2%
Health and Welfare Fund	5.6%	0.0%
Transportation Fund	77.1%	0.3%
Land Endowments Fund	100.0%	100.0%
College and University Fund	100.0%	100.0%
Unemployment Compensation Fund	9.8%	0.9%
Loan Fund	21.3%	11.2%
Aggregate Remaining Fund Information	97.2%	79.5%

Mike Nugent, Manager
Research & Legislation

Cathy Holland-Smith, Manager
Budget & Policy Analysis

April Renfro, Manager
Legislative Audits

Glenn Harris, Manager
Information Technology

Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for those agencies and component units, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Boise State University Foundation, Eastern Idaho Technical College Foundation, Idaho State University, Idaho State University Foundation, and the Public Employees' Deferred Compensation Plan were not audited in accordance with *Government Auditing Standards*, and accordingly, are not covered by our report in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Idaho, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Idaho's basic financial statements. The introductory section, the combining and individual fund financial statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual fund financial statements and schedules are fairly stated in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we will issue our report on our consideration of the State of Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Idaho's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in dark ink, appearing to read "April Renfro". The signature is fluid and cursive, with the first name "April" and last name "Renfro" clearly distinguishable.

April Renfro, CPA, Manager
Legislative Services Office, Audits Division

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the State's annual financial report presents our discussion and analysis of the State's financial performance during the fiscal year that ended June 30, 2015. Please read it in conjunction with the transmittal letter, which can be found on page vi of the Introductory Section and the financial statements which begin on page 14.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the State's basic financial statements, which include the following three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, this financial report includes required supplementary information and other supplementary information.

Government-Wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities, which provide information about the State as a whole and present a long-term view of the State's finances using accounting methods similar to those used in the private sector. The statements are prepared using the flow of economic resources measurement focus and accrual basis of accounting, under which the current year's revenues and expenses are recorded as transactions occur rather than when cash is received or paid.

The *Statement of Net Position* reports all of the State's assets plus deferred outflows of resources minus liabilities and deferred inflows of resources, with the remainder reported as net position. Over time, increases or decreases in the State's net position may serve as a useful indicator of whether the financial position of the State is improving or deteriorating.

The *Statement of Activities* presents information showing how the State's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this Statement for some items that will only result in cash flows in future fiscal periods (such as uncollected taxes and earned but unused vacation leave). This Statement reports expenses and revenues in a format that focuses on the net cost of each function, allowing you to see which functions of the State draw upon the general revenues of the State and which functions contribute to the general revenues of the State.

The government-wide financial statements are divided into the following three categories:

Governmental activities encompass most of the State's basic services such as general government, public safety and correction, health and human services, education, economic development, and natural resources. Taxes and federal grants are the major funding sources for most of these activities.

Business-type activities account for operations that function in a manner similar to a private business, where all or a significant portion of costs are recovered through user fees and charges to external customers. These activities primarily include higher education, unemployment benefit payments, and loans to cities and counties to make improvements to wastewater and drinking water systems.

Discretely presented component units are organizations legally separate yet financially accountable to the State. Discretely presented component units include the Idaho Housing and Finance Association, the college and university foundations, the Petroleum Clean Water Trust Fund, the Idaho Individual High Risk Reinsurance Pool, the Idaho Small Employer Health Reinsurance Program, the Idaho Bond Bank Authority, and the Idaho Health Insurance Exchange.

Fund Financial Statements

The fund financial statements provide detailed information about the State's most significant funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Fund accounting is used to demonstrate compliance with finance-related legal requirements. The State's funds are divided into the following three categories:

Governmental funds account for most of the State's basic services and provide a detailed short-term view of the State's general government operations. They account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the fund financial statements focus on near-term inflows and outflows of resources, as well as on balances available at the end of the fiscal year that are available for future spending. Such information may be useful in evaluating the State's near-term financial position. This approach is known as using the current financial resources measurement focus and the modified accrual basis of accounting. Governmental funds include the General Fund, special revenue funds, permanent funds, and capital projects funds.

Two schedules in the governmental fund financial statements reconcile the amounts reported on the governmental fund financial statements (modified accrual accounting) with governmental activities and balances

reported on the appropriate government-wide statements (accrual accounting). Comparing the information presented for governmental funds with similar information presented in the government-wide financial statements may provide a better understanding of the long-term impact of the State's near-term financing decisions.

Proprietary funds account for activities similar to for-profit enterprises, where the determination of net income is necessary for sound financial administration. Proprietary funds include enterprise and internal service funds. Enterprise funds report activities that provide supplies or services to the general public; internal service funds report activities that provide supplies and services to other funds or departments of the primary government. Internal service funds are reported as governmental activities on the government-wide statements since their services predominantly benefit the State. Proprietary funds provide the same type of information as the government-wide financial statements, only in greater detail. As in the government-wide statements, proprietary fund financial statements use the accrual basis of accounting.

Fiduciary funds account for resources held for the benefit of parties outside the State. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the State's programs. These funds are reported using the accrual basis of accounting.

Notes to the Financial Statements

The notes to the financial statements beginning on page 38 provide additional information that is essential to an understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information that further supports the information in the financial statements. The

Required Supplementary Information section begins on page 104 and includes the following:

- Budgetary comparison schedules and note disclosure that show how the General, Health and Welfare, and Transportation funds presented in the governmental fund financial statements reconcile to the legally adopted budget
- Condition and maintenance data regarding the State's infrastructure reported using the modified approach
- Schedules of funding progress, employer contributions, and actuarial information related to the State's obligation to provide pension and postemployment benefits to certain employees

Other Supplementary Information

Combining financial statements, starting on page 115, are presented to provide more detail for nonmajor special revenue, capital projects, proprietary, and fiduciary funds. The total columns of these combining financial statements agree with the applicable combined fund financial statement.

FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

Net Position

Net position measures the difference between assets and deferred outflows of resources versus liabilities and deferred inflows of resources. Net position may serve over time as a useful indicator of the State's financial position. The State's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$11.7 billion for the most recent fiscal year. The State's combined net position increased \$773.3 million over the course of this fiscal year's operations. Net position of governmental activities increased \$612.7 million and business-type activities' net position increased \$160.7 million. Net position changes between the current and prior year are described in the governmental activities and business-type activities sections on page 9.

Net Position
June 30, 2015 and 2014
(dollars in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014*	2015	2014*	2015	2014*
Assets						
Current and Other Assets	\$ 5,365,564	\$ 5,203,764	\$ 1,895,441	\$ 1,791,726	\$ 7,261,005	\$ 6,995,490
Capital Assets	6,455,830	6,267,761	1,175,866	1,190,250	7,631,696	7,458,011
Total Assets	11,821,394	11,471,525	3,071,307	2,981,976	14,892,701	14,453,501
Deferred Outflows of Resources	93,821	76,334	23,756	21,914	117,577	98,248
Total Assets and Deferred Outflows of Resources	11,915,215	11,547,859	3,095,063	3,003,890	15,010,278	14,551,749
Liabilities						
Other Liabilities	1,018,988	1,337,543	177,202	222,463	1,196,190	1,560,006
Long-Term Liabilities	1,235,445	1,376,465	609,102	676,621	1,844,547	2,053,086
Total Liabilities	2,254,433	2,714,008	786,304	899,084	3,040,737	3,613,092
Deferred Inflows of Resources	214,263		44,929	1,634	259,192	1,634
Total Liabilities and Deferred Inflows of Resources	2,468,696	2,714,008	831,233	900,718	3,299,929	3,614,726
Net Position:						
Net Investment in						
Capital Assets	5,666,425	5,475,682	749,873	746,473	6,416,298	6,222,155
Restricted	2,884,930	2,618,971	1,222,537	1,130,154	4,107,467	3,749,125
Unrestricted	895,164	739,198	291,420	226,545	1,186,584	965,743
Total Net Position	\$ 9,446,519	\$ 8,833,851	\$ 2,263,830	\$ 2,103,172	\$ 11,710,349	\$ 10,937,023

*Amounts in these columns have been restated. More detailed information regarding net position can be found in Note 14.

The largest component of the State's net position, 55 percent (\$6.4 billion), reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, equipment, software, and capital assets in progress), net of accumulated depreciation and less any related debt outstanding that was needed to acquire or construct the assets. The State uses these capital assets to provide services to citizens. These assets are not available for future spending.

Restricted net position is the next largest component, comprising 35 percent (\$4.1 billion). These resources are not available for general use due to restrictions placed on them by external parties such as creditors, grantors, or contributors; or by state law through constitutional provisions or enabling legislation.

The remaining 10 percent (\$1.2 billion) of net position represents unrestricted net position, which may be used

at the State's discretion but often has limitations on use based on state statutes.

At the end of the current fiscal year, the State reported positive balances in all three categories of net position for the State as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Change in Net Position

Over time, increases or decreases in the State's net position are an indicator of whether its financial health is improving or deteriorating. The following condensed financial information was derived from the current and prior year government-wide Statement of Activities and reflects how the State's net position changed during the fiscal year:

Change in Net Position
For the Fiscal Years Ended June 30, 2015 and 2014
(dollars in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government		Total Percent Change
	2015	2014*	2015	2014*	2015	2014*	
Revenues							
Program Revenues							
Charges for Services	\$ 952,838	\$ 698,931	\$ 1,100,517	\$ 1,112,176	\$ 2,053,355	\$ 1,811,107	13.4
Operating Grants and Contributions	2,851,144	2,941,720	282,646	305,150	3,133,790	3,246,870	(3.5)
Capital Grants and Contributions	2,832	5,317	16,776	17,594	19,608	22,911	(14.4)
General Revenues							
Sales Tax	1,444,781	1,400,547			1,444,781	1,400,547	3.2
Individual and Corporate Taxes	1,686,455	1,739,957			1,686,455	1,739,957	(3.1)
Other Taxes	464,268	475,913			464,268	475,913	(2.4)
Other	34,635	41,824			34,635	41,824	(17.2)
Total Revenues	7,436,953	7,304,209	1,399,939	1,434,920	8,836,892	8,739,129	1.1
Expenses							
General Government	548,518	513,746			548,518	513,746	6.8
Public Safety and Correction	387,694	364,998			387,694	364,998	6.2
Health and Human Services	2,751,283	2,592,563			2,751,283	2,592,563	6.1
Education	1,845,144	1,756,231			1,845,144	1,756,231	5.1
Economic Development	761,384	785,184			761,384	785,184	(3.0)
Natural Resources	269,706	247,294			269,706	247,294	9.1
Interest Expense	46,860	51,600			46,860	51,600	(9.2)
College and University			1,015,707	990,777	1,015,707	990,777	2.5
Unemployment Compensation			110,597	144,190	110,597	144,190	(23.3)
Loan			9,604	7,915	9,604	7,915	21.3
State Lottery			165,445	162,144	165,445	162,144	2.0
State Liquor			143,469	137,906	143,469	137,906	4.0
Correctional Industries			8,155	8,011	8,155	8,011	1.8
Total Expenses	6,610,589	6,311,616	1,452,977	1,450,943	8,063,566	7,762,559	3.9
Increase (Decrease) in Net Position before Special Item and Transfers	826,364	992,593	(53,038)	(16,023)	773,326	976,570	(20.8)
Transfers	(213,696)	(201,688)	213,696	201,688			
Change in Net Position	612,668	790,905	160,658	185,665	773,326	976,570	(20.8)
Net Position, Beginning of Year, as Restated	8,833,851	8,042,946	2,103,172	1,917,507	10,937,023	9,960,453	9.8
Net Position, End of Year	\$ 9,446,519	\$ 8,833,851	\$ 2,263,830	\$ 2,103,172	\$ 11,710,349	\$ 10,937,023	7.1

*Amounts in these columns have been restated.

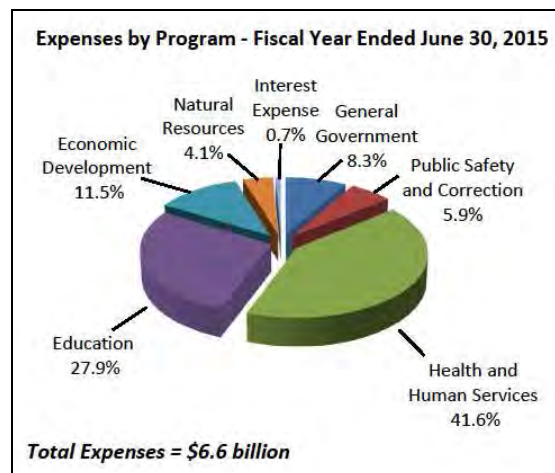
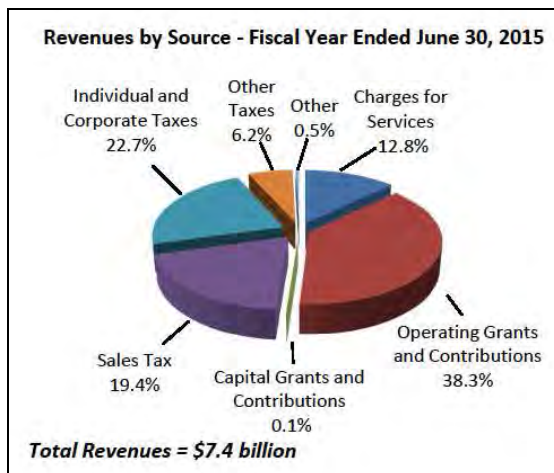
The Total Percent Change column shows the percentage change in operation from fiscal year 2014 to 2015 for each line item. Readers should be cautious when using this column to evaluate the overall change in net position. Although a line may show a large percentage change (e.g., 21.3 percent increase for Loan of \$1.7 million), it may not have as significant of an effect on the overall change in net position as a change in a more material line item with a smaller percentage change (e.g., 6.1 percent increase for Health and Human Services of \$158.7 million).

Governmental Activities

The overall financial position for Governmental Activities improved during the fiscal year, as evidenced by the 6.9 percent (\$612.7 million) increase in net position. Several key elements contributed to this increase. Charges for services rose 36 percent (\$253.9 million) due to increased sales of buildings, land, and timber. Sales tax revenue improved 3.2 percent (\$44.2 million). Increased revenues were offset by an increase in expenditures for health and human services by 6.1 percent (\$158.7 million)

from the prior year due to increased medical assistance payments for Medicaid and rehabilitation services. In addition, expenditures increased in education by 5.1 percent (\$88.9 million) primarily due to an increase in the public school distribution for fiscal year 2015. Finally, revenues for operating grants and contributions decreased by 3.1 percent (\$90.6 million) from the prior year primarily due to a decrease in the fair market value of Endowment Fund Investment Board investments.

The following charts depict revenues and expenses of the governmental activities:

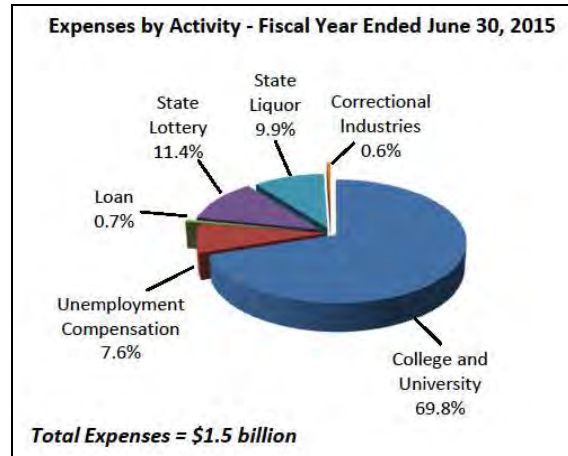
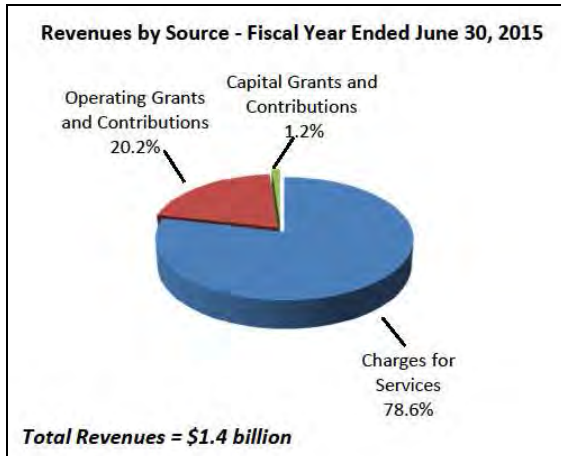


Business-Type Activities

Business-type activities' net position increased by 7.6 percent (\$160.7 million) during the fiscal year. The largest changes were seen in the following funds:

- College and University fund net position increased by 6.1 percent (\$60.0 million) from the prior year balance of \$990.1 million primarily due to a \$28.9 million increase in student tuition and fees and a \$19.4 million legislative appropriation increase. These increases were offset by a \$20.2 million uptick in wage and salary costs.
- The Unemployment Compensation fund net position increased by 16 percent (\$85.4 million), from the previous year's balance of \$532.9 million. The increase was due mainly to a reduction in unemployment benefit payments of \$31.4 million. As the jobless rate continued falling in 2015 so did benefit payments. A larger increase to the Unemployment Compensation fund net position was negated due to a decrease in assessment collections of \$55.1 million caused by a reduction in the employer contribution rate.

The following charts depict revenues and expenses of the business-type activities:



FINANCIAL ANALYSIS OF THE STATE'S FUNDS

Governmental Funds

At the close of the fiscal year, the State's governmental funds reported combined ending fund balances of \$3.8 billion, an increase of \$426.6 million in comparison with fiscal year 2014. The governmental fund balance is classified as follows:

- *Nonspendable* either due to its form or legal constraints such as permanent trusts: \$1.5 billion (40.2 percent)
- *Restricted* for a specific purpose either by creditors, grantors, constitutional provisions, or enabling legislation: \$1.3 billion (34.6 percent)
- *Committed* for specific purposes by the Legislature or for satisfying contractual requirements: \$426.5 million (11.3 percent)
- *Assigned* for a specific purpose as that intent is expressed by the Legislature or a governing body or official to whom the Legislature has delegated the authority: \$53.6 million (1.4 percent)
- *Unassigned* is the General Fund balance that has not been designated for another fund and that has not been restricted, committed, or assigned to a specific purpose within the General Fund: \$470.7 million (12.5 percent)

Changes in the fund balance noted above are described by major fund type as follows:

- The General Fund is the chief operating fund of the State. During the fiscal year fund balance increased 19.6 percent (\$190.9 million) primarily due to increases in individual and corporate tax revenue of \$186.7 million and sales tax revenue of \$81.9 million. These increases were offset by a \$30.4 million decrease in investment income to the

Millennium Permanent Endowment fund, an increase in education expenditures of \$99.0 million, and an increase in public safety and correction expenditures of \$20.2 million because of increased employee wages and inmate medical expenses.

- The Health and Welfare fund balance decreased 49 percent (\$3.5 million) during the fiscal year primarily due to a \$57.5 million increase in Medicaid benefits payments and a \$14.6 million increase in computer services and programming expenditures. The federal government reimburses the State for Medicaid expenditures; receivables (with corresponding deferred inflows of resources) due from the federal government increased \$108.7 million, causing the further decrease in the Health and Welfare fund balance. This decrease was offset by a \$62.8 million increase in service fees.
- The Transportation fund balance increased 20 percent (\$43.7 million) during the fiscal year primarily due to a \$49.4 million increase in federal highway grant revenue. This increase was offset by an \$18.6 million increase in capital outlay expenditures.
- The Land Endowments fund balance increased 5.1 percent (\$90.4 million) from the prior year. Income revenue from land sales increased 227.5 percent (\$27.1 million). Investment income decreased from the previous year by \$220.6 million due to a decline in stock prices.
- The Nonmajor Governmental fund balance increased 26.5 percent (\$105.1 million) during the fiscal year partly due to a \$52.3 million increase to the Bunker Hill water treatment plant endowment fund and a \$14.0 million increase to the fish and game expendable trust fund. Decreases in capital outlay expenditures of \$4.9 million for construction projects, \$4.6 million in land use rights spending, and \$3.1 million in building costs also contributed to the increased fund balance.

Proprietary Funds

Proprietary funds provide the same type of information found in the Business-Type Activities columns of the

government-wide financial statements, but in more detail.

GENERAL FUND BUDGETARY HIGHLIGHTS

The State does not adopt a revenue budget; therefore, the Budgetary Comparison Schedule reflects budgeted revenues as being equal to actual revenues. General Fund receipts for the fiscal year were \$92.3 million more than forecasted. All revenue sources contributed to the surplus. The difference between forecasted and actual revenues collected was due to higher than predicted collections of individual income tax revenue (\$57.6 million), corporate income tax revenue (\$15.3 million), sales tax revenue (\$14.4 million), miscellaneous revenue (\$4.4 million), and product tax revenue (\$0.5 million). The cash balance carried over into fiscal year 2015 was \$44.9 million. Overall, General Fund receipts were \$265.3 million more in fiscal year 2015 than in fiscal year 2014.

The original expenditures budget amount on the Budgetary Comparison Schedule represents the original appropriation, prior year reappropriations, and continuous appropriations. The final budget amount includes the original budget plus supplemental (positive or negative) appropriations, Governor's holdbacks, Board of Examiners reductions, object transfers, activity transfers, and receipts to the appropriation. The variance between the final budget and actual spending was a favorable \$137.4 million (4.2 percent). The natural resources function within the General Fund reported a negative variance of \$12.1 million stemming from fire suppression deficiency warrants. This deficit is allowed by statute and will be funded with future appropriations.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2015 the State had \$7.6 billion (net of accumulated depreciation) invested in a broad range of capital assets, as can be seen in the table below. Depreciation expense for this fiscal year totaled \$163.1 million.

Capital Assets as of June 30, 2015 and 2014						
<i>(Net of depreciation, dollars in thousands)</i>						
	Governmental		Business-Type		Total	
	Activities		Activities		Primary Government	
	2015	2014*	2015	2014	2015	2014*
Land and Land Use Rights	\$ 1,074,487	\$ 1,068,101	\$ 128,816	\$ 126,685	\$ 1,203,303	\$ 1,194,786
Capital Assets in Progress	1,034,358	947,310	21,084	16,969	1,055,442	964,279
Infrastructure--not Depreciated	2,654,019	2,563,915			2,654,019	2,563,915
Historial Art and Collections	122	122	2,348	2,333	2,470	2,455
Buildings and Improvements	598,796	594,430	888,356	910,984	1,487,152	1,505,414
Improvements Other Than Buildings	67,410	64,298	31,037	30,354	98,447	94,652
Machinery, Equipment, and Other	241,138	237,414	104,225	102,925	345,363	340,339
Infrastructure--Depreciated	785,500	792,166			785,500	792,166
Total	\$ 6,455,830	\$ 6,267,756	\$ 1,175,866	\$ 1,190,250	\$ 7,631,696	\$ 7,458,006

*These columns have been restated. More detailed information can be found in Note 6.

This year's major capital asset additions include \$297.4 million spent for infrastructure assets, which includes capital assets in progress (\$187.9 million), roadways (\$96.3 million), rights-of-way (\$5.5 million), and bridges (\$7.7 million).

The State uses the traditional method of depreciation for its 1,823 bridges and 41 rest areas or ports of entry. The State adopted the modified approach for reporting roads.

Under this alternative method certain maintenance and preservation costs are expensed, and depreciation expense is not reported. Approximately 12,269 lane miles of roads are accounted for under the modified approach. The State manages its roadway network using its Pavement Management System to monitor road surface condition. The roadway surface condition is determined using three pavement condition data elements: international roughness index, rutting depth, and pavement distress

(cracking). Roadway surface is categorized as good, fair, poor, or very poor. The State's established condition level is to have no more than 30 percent of pavement in poor or very poor condition. The latest condition assessment rating showed that the State had 14.3 percent of its road surfaces in poor or very poor condition. During fiscal year 2015 the State spent \$90.0 million to maintain Idaho's road surfaces. This amount is 1 percent (\$0.9 million) less than the estimated amount of \$90.9 million to maintain Idaho's road surfaces. More detailed information about the State's capital assets is presented in Notes 1 and 6 to the financial statements and in the Required Supplementary Information.

Long-Term Debt

Article VIII Section 1 of the Idaho Constitution, amended in 1998, specifies that the Legislature shall not create any debts or liabilities, except in extreme emergencies, unless authorized by law and then approved by the people at a general election. This does not apply to liabilities incurred for ordinary operating expenses, nor debts or liabilities that are repaid by the end of the fiscal year. The debts or liabilities of independent public bodies corporate and politic created by law, and which have no power to levy taxes or obligate the General Fund of the State, are not debts or liabilities of the State.

Idaho Code Title 40 addresses the increasing need for timely improvements to Idaho's highway infrastructure. The Idaho Transportation Board, with the approval of the Legislature, can approve debt financing for transportation infrastructure projects utilizing future federal-aid highway revenues. Opinions have been received from the Office of the Attorney General, based on the Idaho Supreme Court decision in *Ada County v. Wright*, to the effect that this procedure does not create a liability of the State in violation of the Idaho Constitution.

New debt resulted from the Idaho Transportation Department issuing \$53.9 million in notes payable for highway projects.

Moody's Investors Service has assigned the State of Idaho an issuer rating of Aa1 with a stable outlook. Idaho currently has no general obligation debt outstanding. The State's Tax Anticipation Notes, which carry the faith and credit pledge of the State, are rated MIG 1. The rating for the state building revenue bonds issued by the Idaho State Building Authority is rated Aa2, with a stable outlook.

More detailed information about the State's long-term debt is presented in Notes 1 and 13 to the financial statements.

ECONOMIC FACTS AND NEXT YEAR'S BUDGET

Idaho's unemployment rate dropped another three-tenths since last year's report to 4.2 percent in September 2015, the lowest since May 2008. The State's labor force grew significantly over the last year from 778,200 in September 2014 to 800,800 in September 2015, surpassing a previous historical high of 800,000 people. The national unemployment rate in September was 5.1 percent. Idaho's rate has remained below the national rate for 14 years. Total state employment in September was 767,400.

Revenue projections for fiscal year 2016 represent the fifth consecutive year of economic growth in the state. Fiscal year 2016 revenues are expected to grow 5.5 percent. The Legislature addressed two major areas of fiscal concern for 2016: the need to more aggressively appropriate funds for public education and for roads and bridges throughout the state. An optimistic economic outlook set the stage for a budget process that was able to increase overall spending by 4.6 percent.

The overall General Fund budget for fiscal year 2016 is \$3.1 billion (5.2 percent increase). Public schools received a General Fund appropriation of \$1.5 billion (7.4 percent increase); colleges and universities received \$258.8 million (3 percent increase); Medicaid received \$502.7 million (3 percent increase); and corrections received \$207.6 million (2.3 percent increase). The Legislature approved an ongoing 3 percent merit-based salary increase for state employees. The State's cash reserves were increased by \$96.2 million during fiscal year 2015.

CONTACTING THE STATE'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, the Legislature, investors, and creditors with a general overview of the State's finances and to show the State's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Office of the State Controller, 700 West State Street, P.O. Box 83720, Boise, ID 83720-0011, (208) 334-3150, or cafr@sco.idaho.gov.

Basic Financial Statements



Dierkes Lake

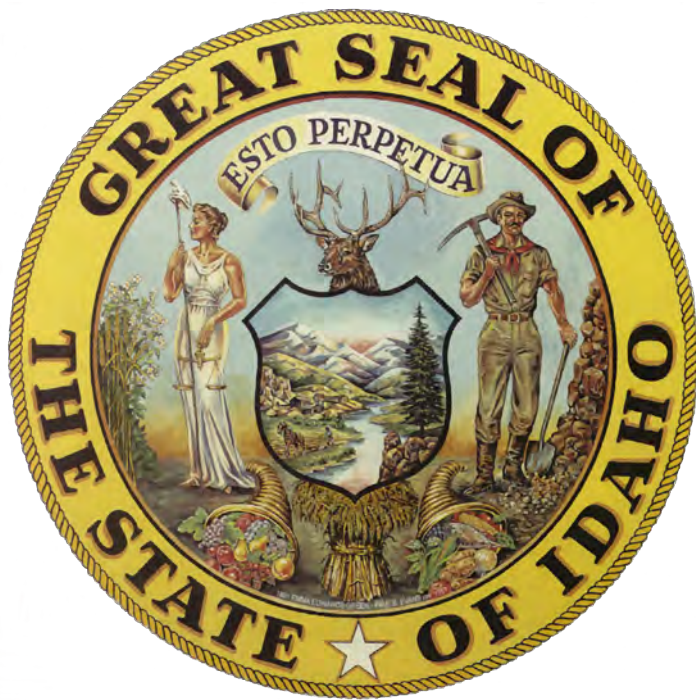
Statement of Net Position

June 30, 2015

(dollars in thousands)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
ASSETS				
Cash and Cash Equivalents	\$ 6,935	\$ 534,075	\$ 541,010	\$ 89,635
Pooled Cash and Investments	1,459,602	279,932	1,739,534	1,892
Investments	2,057,117	255,163	2,312,280	524,184
Securities Lending Collateral	237,576	30,710	268,286	
Accounts Receivable, Net	107,704	148,457	256,161	27,923
Taxes Receivable, Net	631,011		631,011	
Internal Balances	7,930	(7,930)		
Due from Other Entities	317,581		317,581	9,372
Inventories and Prepaid Items	58,466	27,571	86,037	1,578
Due from Primary Government				699,860
Due from Component Unit		1,647	1,647	
Loans, Notes, and Pledges Receivable, Net	6,742	357,826	364,568	1,161,653
Other Assets	19,421	11,062	30,483	9,382
Restricted Assets:				
Cash and Cash Equivalents	111,497	142,134	253,631	43,529
Investments	343,982	114,794	458,776	283,922
Capital Assets:				
Nondepreciable	4,762,986	152,248	4,915,234	10,283
Depreciable, Net	1,692,844	1,023,618	2,716,462	61,773
Total Assets	11,821,394	3,071,307	14,892,701	2,924,986
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows	93,821	23,756	117,577	69,007
Total Assets and Deferred Outflows of Resources	\$ 11,915,215	\$ 3,095,063	\$ 15,010,278	\$ 2,993,993
LIABILITIES				
Accounts Payable	\$ 368,363	\$ 28,133	\$ 396,496	\$ 8,867
Payroll and Related Liabilities	51,256	46,551	97,807	1,081
Medicaid Payable	122,224		122,224	
Due to Other Entities	97,673	6,145	103,818	
Unearned Revenue	44,533	43,188	87,721	21,575
Amounts Held in Trust for Others	30,035	3,841	33,876	48,895
Due to Primary Government				424
Due to Component Unit		253	253	
Obligations Under Securities Lending	249,603	32,265	281,868	
Other Accrued Liabilities	55,301	16,826	72,127	225,119
Long-Term Liabilities:				
Due Within One Year	237,163	92,498	329,661	390,283
Due in More Than One Year	998,282	516,604	1,514,886	1,511,497
Total Liabilities	2,254,433	786,304	3,040,737	2,207,741
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows	214,263	44,929	259,192	54
NET POSITION				
Net Investment in Capital Assets	5,666,425	749,873	6,416,298	47,451
Restricted for:				
Claims and Judgments	24,281		24,281	
Debt Service	4,644	553	5,197	138,226
Transportation	259,621		259,621	
Regulatory	83,506		83,506	
Natural Resources and Recreation	210,359	508,888	719,247	
Unemployment Compensation		618,235	618,235	
Permanent Trust - Expendable	392,507	44,006	436,513	153,122
Permanent Trust - Nonexpendable	1,702,493		1,702,493	333,176
Other Purposes	207,519	50,855	258,374	74,892
Unrestricted	895,164	291,420	1,186,584	39,331
Total Net Position	9,446,519	2,263,830	11,710,349	786,198
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 11,915,215	\$ 3,095,063	\$ 15,010,278	\$ 2,993,993

The accompanying notes are an integral part of the financial statements.



State of Idaho

Statement of Activities

For the Fiscal Year Ended June 30, 2015

(dollars in thousands)

		Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
	Expenses			
FUNCTIONS				
Primary Government				
Governmental Activities				
General Government	\$ 548,518	\$ 227,915	\$ 85,291	\$ 1,188
Public Safety and Correction	387,694	50,114	11,420	2
Health and Human Services	2,751,283	114,957	1,905,629	
Education	1,845,144	15,983	247,175	223
Economic Development	761,384	287,525	437,877	839
Natural Resources	269,706	256,344	163,752	580
Interest Expense	46,860			
Total Governmental Activities	6,610,589	952,838	2,851,144	2,832
Business-Type Activities				
College and University	1,015,707	489,740	269,194	16,776
Unemployment Compensation	110,597	203,794		
Loan	9,604	11,271	13,452	
State Lottery	165,445	210,940		
State Liquor	143,469	176,040		
Correctional Industries	8,155	8,732		
Total Business-Type Activities	1,452,977	1,100,517	282,646	16,776
Total Primary Government	\$ 8,063,566	\$ 2,053,355	\$ 3,133,790	\$ 19,608
Component Units				
Idaho Housing and Finance Association	\$ 163,993	\$ 133,106	\$ 40,860	\$ 41
College and University Foundation	53,459	4,777	51,848	
Petroleum Clean Water Trust	1,825	2,706		
Health Reinsurance	6,617	3,521	652	
Bond Bank Authority	15,804	15,524		
Health Insurance Exchange	32,823	3,968	51,213	
Total Component Units	\$ 274,521	\$ 163,602	\$ 144,573	\$ 41

GENERAL REVENUES

Sales Tax
Individual and Corporate Taxes
Fuel Tax
Other Taxes
Tobacco Settlement
Unrestricted Investment Earnings
Payments from State of Idaho

Permanent Endowment Contributions

Transfers

Total General Revenues, Contributions, and Transfers

Change in Net Position

Net Position - Beginning of Year, as Restated

Net Position - End of Year

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
\$ (234,124)		\$ (234,124)	
(326,158)		(326,158)	
(730,697)		(730,697)	
(1,581,763)		(1,581,763)	
(35,143)		(35,143)	
150,970		150,970	
(46,860)		(46,860)	
(2,803,775)		(2,803,775)	
	\$ (239,997)	(239,997)	
	93,197	93,197	
	15,119	15,119	
	45,495	45,495	
	32,571	32,571	
	577	577	
	(53,038)	(53,038)	
(2,803,775)	(53,038)	(2,856,813)	
			\$ 10,014
			3,166
			881
			(2,444)
			(280)
			22,358
			33,695
1,444,781		1,444,781	
1,686,455		1,686,455	
243,826		243,826	
220,442		220,442	
24,183		24,183	
10,452		10,452	
			2,444
			3,617
(213,696)	213,696		
3,416,443	213,696	3,630,139	6,061
612,668	160,658	773,326	39,756
8,833,851	2,103,172	10,937,023	746,442
\$ 9,446,519	\$ 2,263,830	\$ 11,710,349	\$ 786,198

State of Idaho

Balance Sheet

Governmental Funds

June 30, 2015

(dollars in thousands)

	General	Health and Welfare	Transportation
ASSETS			
Cash and Cash Equivalents	\$ 115		\$ 6
Pooled Cash and Investments	970,971	\$ 21,480	146,304
Investments	31,361		63,880
Securities Lending Collateral	135,206	1,944	33,490
Accounts Receivable, Net	27,699	32,934	11,589
Taxes Receivable, Net	587,106	145	38,648
Interfund Receivables	41,430	132	18
Due from Other Entities		239,810	22,269
Inventories and Prepaid Items	10,023	8,113	22,096
Loans, Notes, and Pledges Receivable, Net	2,468		378
Other Assets	980	30	459
Restricted Assets:			
Cash and Cash Equivalents	2,689	6,199	41,176
Investments	237,292	4,452	
Total Assets	\$ 2,047,340	\$ 315,239	\$ 380,313
LIABILITIES			
Accounts Payable	\$ 257,273	\$ 16,700	\$ 20,225
Payroll and Related Liabilities	18,697	10,149	5,874
Medicaid Payable		122,224	
Interfund Payables	3,259	37,815	995
Due to Other Entities	68,154	3	29,420
Unearned Revenue	7,213		11,383
Amounts Held in Trust for Others	22,466	6,252	86
Obligations Under Securities Lending	142,052	2,042	35,185
Other Accrued Liabilities	2,530	5,977	12,172
Total Liabilities	521,644	201,162	115,340
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows	361,260	124,719	2,920
FUND BALANCES			
Nonspendable:			
Permanent Trusts			
Inventories and Prepaid Items	10,023	8,113	22,096
Noncurrent Receivables	271		
Restricted	274,121		237,554
Committed	339,169	67	2,403
Assigned	51,357		
Unassigned	489,495	(18,822)	
Total Fund Balances	1,164,436	(10,642)	262,053
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,047,340	\$ 315,239	\$ 380,313

The accompanying notes are an integral part of the financial statements.

Land Endowments	Nonmajor Governmental	Total
	\$ 6,814	\$ 6,935
\$ 5,497	268,995	1,413,247
1,848,480	81,632	2,025,353
890	53,878	225,408
14,525	20,236	106,983
	5,112	631,011
	1,072	42,652
	55,502	317,581
451	14,959	55,642
	3,896	6,742
5,494	1,054	8,017
	37,152	87,216
	102,238	343,982
<u>\$ 1,875,337</u>	<u>\$ 652,540</u>	<u>\$ 5,270,769</u>
\$ 26,499	\$ 43,873	\$ 364,570
	15,734	50,454
		122,224
	1,867	43,936
1	78	97,656
	10,304	28,900
	1,231	30,035
935	56,605	236,819
	3,091	23,770
<u>27,435</u>	<u>132,783</u>	<u>998,364</u>
	18,053	506,952
1,454,944	2,774	1,457,718
451	14,959	55,642
		271
392,507	396,942	1,301,124
	84,828	426,467
	2,201	53,558
		470,673
<u>1,847,902</u>	<u>501,704</u>	<u>3,765,453</u>
<u>\$ 1,875,337</u>	<u>\$ 652,540</u>	<u>\$ 5,270,769</u>



Reconciliation of the Governmental Funds Balance Sheet

To the Statement of Net Position

June 30, 2015

(dollars in thousands)

Total Fund Balances - Governmental Funds	\$	3,765,453
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of the following:

Land and Land Use Rights	\$	1,074,487	
Capital Assets in Progress		1,033,885	
Infrastructure		3,688,920	
Historical Art and Collections		72	
Buildings and Improvements		969,295	
Improvements Other Than Buildings		112,859	
Machinery, Equipment, and Other		596,861	
Accumulated Depreciation		<u>(1,034,715)</u>	
Total Capital Assets			6,441,664

Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			16,701
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Deferred Outflows of Resources benefit future periods and are not reported in the funds.

The deferred outflows of resources consist of the following:

Debt Defeasance	4,887		
Hedging Derivatives		5,468	
Pension Related Deferrals		15,550	
Pension Contributions Subsequent to Measurement Date		<u>66,599</u>	
Total Deferred Outflows of Resources			92,504

Internal service funds are used by management to charge the costs of certain activities to individual funds.

The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the Statement of Net Position.			83,364
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Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

These liabilities consist of the following:

Compensated Absences Payable	(49,005)		
Bonds, Notes, and Capital Leases Payable		(793,967)	
Accrued Interest on Bonds		(31,395)	
Claims and Judgments		(170,849)	
Other Long-Term Liabilities		<u>(204,144)</u>	
Total Long-Term Liabilities			(1,249,360)

Deferred Inflows of Resources benefit future periods.

The deferred inflows of resources consist of the following:

Unavailable Revenue	506,952		
Pension Related Deferrals		<u>(210,759)</u>	
Total Deferred Inflows of Resources			296,193

Net Position - Governmental Activities	\$	<u>9,446,519</u>
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Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2015

(dollars in thousands)

	General	Health and Welfare	Transportation
REVENUES			
Sales Tax	\$ 1,455,678		
Individual and Corporate Taxes	1,684,680		
Other Taxes	57,864	\$ 29,759	\$ 242,236
Licenses, Permits, and Fees	21,038	23,318	144,270
Sale of Goods and Services	30,793	117,611	7,418
Grants and Contributions	12,756	1,826,102	356,046
Investment Income	13,722	291	986
Tobacco Settlement	24,183		
Other Income	62,671		2,851
Total Revenues	3,363,385	1,997,081	753,807
EXPENDITURES			
Current:			
General Government	127,099		
Public Safety and Correction	290,580	3,445	
Health and Human Services	24,839	2,548,943	
Education	1,582,400		
Economic Development	41,703		179,941
Natural Resources	44,352		
Capital Outlay	56,386	11,264	331,692
Intergovernmental Revenue Sharing	254,890	53,810	140,732
Debt Service:			
Principal Retirement	1,151		27,180
Interest and Other Charges	10,352	8	30,854
Total Expenditures	2,433,752	2,617,470	710,399
Revenues Over (Under) Expenditures	929,633	(620,389)	43,408
OTHER FINANCING SOURCES (USES)			
Bonds and Notes Issued			
Capital Lease Acquisitions			
Sale of Capital Assets	279	130	16,944
Transfers In	194,517	626,326	
Transfers Out	(933,527)	(9,565)	(16,642)
Total Other Financing Sources (Uses)	(738,731)	616,891	302
Net Change in Fund Balances	190,902	(3,498)	43,710
Fund Balances - Beginning of Year, as Restated	973,534	(7,144)	218,343
Fund Balances - End of Year	\$ 1,164,436	\$ (10,642)	\$ 262,053

Land Endowments	Nonmajor Governmental	Total
	\$ 6,344	\$ 1,462,022
		1,684,680
	139,921	469,780
	166,268	354,894
\$ 85,551	47,015	288,388
	511,602	2,706,506
53,163	10,250	78,412
		24,183
	85,540	151,062
138,714	966,940	7,219,927
	68,568	195,667
	65,107	359,132
		2,573,782
	239,233	1,821,633
	192,663	414,307
35,348	157,778	237,478
	85,934	485,276
	55,585	505,017
	20,031	48,362
3	7,241	48,458
35,351	892,140	6,689,112
103,363	74,800	530,815
	53,935	53,935
	90	90
39,119	1,516	57,988
	51,379	872,222
(52,078)	(76,638)	(1,088,450)
(12,959)	30,282	(104,215)
90,404	105,082	426,600
1,757,498	396,622	3,338,853
\$ 1,847,902	\$ 501,704	\$ 3,765,453



**Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2015
(dollars in thousands)**

Net Change in Fund Balances - Governmental Funds	\$	426,600
<p>Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, these costs are allocated as depreciation expense. Capital outlays exceeded depreciation expense in the current year by the following amount:</p>		
Capital Outlay	\$	302,078
Depreciation Expense		<u>(93,551)</u>
		208,527
<p>Miscellaneous transactions involving capital assets such as sales (gain/loss) and donations are reported in the Statement of Activities but only proceeds from sales are reported in the governmental funds.</p>		
		(19,641)
<p>Revenues reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p>		
		45,313
<p>The issuance of long-term debt provides current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Position. In the current year the following debt was incurred:</p>		
Bonds and Notes		(53,935)
Capital Leases		<u>(90)</u>
		(54,025)
<p>Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current year, these amounts consisted of:</p>		
Bond and Note Principal		46,730
Capital Leases		<u>1,632</u>
		48,362
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. Some expenditures reported in the governmental funds either increase or decrease long-term liabilities reported in the Statement of Net Position. In the current year these amounts consisted of:</p>		
Accrued Interest and Amortization		1,580
Compensated Absences		(375)
Claims and Judgments		(101,354)
Other Long-Term Liabilities		<u>47,163</u>
		(52,986)
<p>Internal service funds are reported separately from governmental funds in the fund statements. In the government-wide statements, internal service funds are included with governmental activities.</p>		
		<u>10,518</u>
Change in Net Position - Governmental Activities	\$	<u><u>612,668</u></u>

Statement of Net Position

Proprietary Funds

June 30, 2015

(dollars in thousands)

	Business-Type Activities - Enterprise Funds			
	College and University	Unemployment Compensation	Loan	Nonmajor Enterprise Funds
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 79,223	\$ 450,787	\$ 1,386	\$ 2,679
Pooled Cash and Investments	140,495	96,026	26,210	17,201
Investments	93,971			
Restricted Investments				
Securities Lending Collateral		16,298	11,585	2,827
Accounts Receivable, Net	77,877	65,303	2,219	3,057
Interfund Receivables	5,791	148		300
Inventories and Prepaid Items	10,069			17,502
Due from Component Unit	1,647			
Loans, Notes, and Pledges Receivable, Net	4,117		11,765	
Other Current Assets	668	99	4,437	161
Total Current Assets	413,858	628,661	57,602	43,727
Noncurrent Assets				
Restricted Cash and Cash Equivalents	57,625		40,877	43,632
Investments	103,077	58,115		
Restricted Investments			114,794	
Due from Component Unit				
Loans, Notes, and Pledges Receivable, Net	19,184		322,760	
Other Noncurrent Assets	5,695			2
Capital Assets, Net	1,130,010		32,323	13,533
Total Noncurrent Assets	1,315,591	58,115	510,754	57,167
Total Assets	1,729,449	686,776	568,356	100,894
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows	22,447			1,309
Total Assets and Deferred Outflows of Resources	\$ 1,751,896	\$ 686,776	\$ 568,356	\$ 102,203
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 15,981			\$ 12,151
Payroll and Related Liabilities	45,628			923
Interfund Payables	329			5,345
Due to Other Entities		\$ 24	\$ 17	6,104
Unearned Revenue	28,915		14,273	
Amounts Held in Trust for Others	3,841			
Due to Component Unit	253			
Obligations Under Securities Lending		17,123	12,171	2,971
Other Accrued Liabilities	12,284	1,319	132	3,091
Compensated Absences Payable	20,921			719
Bonds, Notes, and Capital Leases Payable	20,139	50,075	475	29
Policy Claim Liabilities				
Other Long-Term Obligations - Current	140			
Total Current Liabilities	148,431	68,541	27,068	31,333
Noncurrent Liabilities				
Bonds, Notes, and Capital Leases Payable	461,100		1,590	35
Policy Claim Liabilities				
Other Long-Term Obligations	50,935			2,944
Total Noncurrent Liabilities	512,035		1,590	2,979
Total Liabilities	660,466	68,541	28,658	34,312
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows	41,362			3,567
NET POSITION				
Net Investment in Capital Assets	706,147		30,257	13,469
Restricted for:				
Claims and Judgments				
Debt Service			553	
Unemployment Compensation		618,235		
Permanent Trust - Expendable	44,006			
Other Purposes			508,888	50,855
Unrestricted	299,915			
Total Net Position	1,050,068	618,235	539,698	64,324
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 1,751,896	\$ 686,776	\$ 568,356	\$ 102,203

The accompanying notes are an integral part of the financial statements.

		Governmental Activities	
		Internal Service Funds	
Total			
\$ 534,075		\$ 46,355	
279,932			
93,971			
30,710		12,168	
148,456		721	
6,239		719	
27,571		2,825	
1,647			
15,882			
5,365		3,195	
1,143,848		65,983	
142,134		24,281	
161,192		31,764	
114,794			
341,944			
5,697		3	
1,175,866		14,166	
1,941,627		70,214	
3,085,475		136,197	
23,756		1,317	
\$ 3,109,231		\$ 137,514	
\$ 28,132		\$ 3,794	
46,551		802	
5,674			
6,145		17	
43,188		15,633	
3,841			
253			
32,265		12,784	
16,826		136	
21,640		869	
70,718		234	
		3,381	
140			
275,373		37,650	
462,725		2,264	
		7,923	
53,879		2,809	
516,604		12,996	
791,977		50,646	
44,929		3,504	
749,873		11,490	
		24,281	
553			
618,235			
44,006			
559,743		45,893	
299,915		1,700	
2,272,325		83,364	
\$ 3,109,231		\$ 137,514	

The amount reported for the total net position on this statement differs from the amount reported for Business-Type Activities on the Government-wide Statement of Net Position because of an \$8,495 consolidation adjustment for internal service fund activities on the government-wide statement

Statement of Revenues, Expenses, and Changes in Fund Net Position

Proprietary Funds

For the Fiscal Year Ended June 30, 2015

(dollars in thousands)

	Business-Type Activities-Enterprise Funds			
	College and University	Unemployment Compensation	Loan	Nonmajor Enterprise Funds
OPERATING REVENUES				
Assessments		\$ 192,671		
Licenses, Permits, and Fees	\$ 414,465		\$ 2,458	\$ 5
Scholarship Allowances	(79,912)			
Sale of Goods and Services	134,592		2,218	394,800
Grants and Contributions	144,641		13,452	
Other Income	9,793			931
Total Operating Revenues	623,579	192,671	18,128	395,736
OPERATING EXPENSES				
Personnel Costs	613,157			14,950
Services and Supplies	238,971	12	6,451	127,089
Benefits, Awards, and Premiums	57,248	109,365		136,769
Depreciation	66,441		207	1,268
Other Expenses	19,024		26	6,464
Total Operating Expenses	994,841	109,377	6,684	286,540
Operating Income (Loss)	(371,262)	83,294	11,444	109,196
NONOPERATING REVENUES (EXPENSES)				
Gifts and Grants	124,553			
Investment Income	2,448	11,123	6,595	(24)
Interest Expense	(19,743)	(1,220)	(165)	(13)
Intergovernmental Distributions			(2,755)	(30,500)
Gain (Loss) on Sale of Capital Assets	(1,123)			(16)
Other Nonoperating Revenues (Expenses)	8,354			
Total Nonoperating Revenues (Expenses)	114,489	9,903	3,675	(30,553)
Income (Loss) Before Contributions and Transfers	(256,773)	93,197	15,119	78,643
Capital Contributions	16,776			
Transfers In	300,249		2,640	
Transfers Out	(272)	(7,845)	(1,554)	(79,522)
Change in Net Position	59,980	85,352	16,205	(879)
Total Net Position - Beginning of Year, as Restated	990,088	532,883	523,493	65,203
Total Net Position - End of Year	\$ 1,050,068	\$ 618,235	\$ 539,698	\$ 64,324

		Governmental Activities	
		Internal Service Funds	
Total			
\$	192,671		
	416,928		
	(79,912)		
	531,610	\$	299,391
	158,093		29
	10,724		22
	1,230,114		299,442
	628,107		12,809
	372,523		22,536
	303,382		254,541
	67,916		1,605
	25,514		711
	1,397,442		292,202
	(167,328)		7,240
	124,553		
	20,142		910
	(21,141)		(169)
	(33,255)		
	(1,139)		7
	8,354		(2)
	97,514		746
	(69,814)		7,986
	16,776		
	302,889		2,738
	(89,193)		(206)
	160,658		10,518
	2,111,667		72,846
\$	2,272,325	\$	83,364

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended June 30, 2015

(dollars in thousands)

	Business-Type	
	College and University	Unemployment Compensation
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Assessments		\$ 199,965
Receipts from Customers	\$ 464,531	
Receipts from Interfund Services		
Receipts from Grants and Contributions	145,821	
Payments to Employees	(620,051)	
Payments to Suppliers	(246,128)	(12)
Payments for Interfund Services		
Payments for Benefits, Awards, and Claims	(53,451)	(108,189)
Other Receipts	7,368	
Other Payments	(9,766)	
Net Cash Provided (Used) by Operating Activities	(311,676)	91,764
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Gifts, Grants, and Endowments Received	125,522	
Intergovernmental Distributions		
Transfers In	299,977	
Transfers Out		(7,845)
Proceeds from Bonds, Notes, and Loans	202,368	
Repayments of Bonds, Notes, and Loans	(207,812)	(47,940)
Interest Payments		(3,398)
Net Cash Provided (Used) by Noncapital Financing Activities	420,055	(59,183)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Grants and Contributions	7,117	
Proceeds from Bonds and Notes	103,120	
Principal Payments	(71,841)	
Interest Payments	(19,807)	
Proceeds from Disposition of Capital Assets		
Acquisition and Construction of Capital Assets	(45,817)	
Net Cash Provided (Used) by Capital and Related Financing Activities	(27,228)	
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipt of Interest and Dividends	3,802	11,217
Purchase of Investments	(317,528)	
Redemption of Investments	298,854	
Other Investing Activities	7	1,990
Net Cash Provided (Used) by Investing Activities	(14,865)	13,207
Net Increase (Decrease) in Cash, Cash Equivalents, and Pooled Cash	66,286	45,788
Beginning Cash, Cash Equivalents, and Pooled Cash	211,057	501,025
Ending Cash, Cash Equivalents, and Pooled Cash	\$ 277,343	\$ 546,813
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ (371,262)	\$ 83,294
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	66,441	
Maintenance Costs Paid by Department of Public Works	2,383	
Net Changes in Assets and Liabilities:		
Accounts Receivable/Interfund Receivables	(4,045)	10,151
Inventories and Prepaid Items	(720)	
Notes Receivable	390	
Other Assets	(319)	
Accounts Payable/Interfund Payables	1,575	
Unearned Revenue		
Compensated Absences	(221)	
Policy Claim Liabilities		
Other Accrued Liabilities	(5,898)	(1,681)
Net Cash Provided (Used) by Operating Activities	\$ (311,676)	\$ 91,764

Noncash Transactions (dollars in thousands):

Prior period adjustments for restatement of pooled cash and investments was recorded in Unemployment Compensation for \$1,666, \$350 for the Loan Fund, \$199 for Nonmajor Enterprise funds, and \$871 for Internal Service funds. Prior period adjustment for restatement of net position due to the implementation of GASB Statement No. 68 was recorded in Nonmajor Enterprise funds for \$4,504 and \$5,553 in the Internal Service funds. Investments decreased in fair value by \$748 for colleges and universities, \$49 for Unemployment Compensation, \$180 for the Loan Fund, and \$17 for Internal Service funds.

Activities - Enterprise Funds			Governmental Activities	
Loan	Nonmajor Enterprise Funds	Total	Internal Service Funds	
		\$ 199,965		
\$ 2,883	\$ 390,849	858,263	\$ 17,342	
	4,098	4,098	279,663	
13,452		159,273	29	
	(15,607)	(635,658)	(13,592)	
(6,429)	(131,943)	(384,512)	(17,982)	
(52)	(644)	(696)	(2,381)	
	(136,485)	(298,125)	(257,542)	
		7,368		
		(9,766)		
9,854	110,268	(99,790)	5,537	
		125,522		
(2,755)	(31,200)	(33,955)		
2,640		302,617	2,738	
(1,554)	(80,130)	(89,529)	(206)	
		202,368		
		(255,752)		
		(3,398)		
(1,669)	(111,330)	247,873	2,532	
		7,117		
	35	103,155		
(450)	(38)	(72,329)	(210)	
(151)	(3)	(19,961)	(140)	
		14		
	(864)	(46,681)	(796)	
(601)	(870)	(28,699)	(1,132)	
7,400	71	22,490	1,012	
(58,156)		(375,684)	(631)	
35,170		334,024		
24	151	2,172	977	
(15,562)	222	(16,998)	1,358	
(7,978)	(1,710)	102,386	8,295	
76,451	65,222	853,755	62,341	
\$ 68,473	\$ 63,512	\$ 956,141	\$ 70,636	
\$ 11,444	\$ 109,196	\$ (167,328)	\$ 7,240	
207	1,268	67,916	1,605	
		2,383		
(1,093)	(1,050)	3,963	(554)	
	425	(295)	(532)	
		390		
	(37)	(356)	(2,994)	
(4)	1,159	2,730	3,402	
(700)		(700)	1,141	
	29	(192)	35	
			(3,001)	
	(722)	(8,301)	(805)	
9,854	110,268	(99,790)	5,537	

Colleges and universities acquired assets of \$5,389 through donations, \$708 through state capital appropriations, disposed of capital assets at a loss of \$260, and amortization of deferred amounts on refunding and bond premiums of \$3,060. The Loan Fund had loan forgiveness in the amount of \$2,755. Nonmajor Enterprise funds recorded an interfund transfer of \$608 and disposed of an asset at a loss of \$16. The Internal Service funds disposed of capital assets at a loss of \$7. Nonmajor Enterprise funds recorded an interfund payable of \$608 due on July 1, 2015.

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2015

(dollars in thousands)

	Pension Trust	Investment Trust	College Savings Private-Purpose Trust	Agency
ASSETS				
Cash and Cash Equivalents	\$ 3,256	\$ 19,310	\$ 528	\$ 25,882
Pooled Cash and Investments	2,841			37,730
Investments:				
Pooled Short Term	348,294	290,373	11,276	
Fixed Income Investments	3,556,157	1,466,122		306,192
Marketable Securities	9,077,177			
Mutual Funds and Private Equities	1,864,290		313,140	
Mortgages and Real Estate	1,060,074	61,502		
Other Investments	2,838		9,399	
Securities Lending Collateral				9,313
Receivables:				
Investments Sold	112,820		40	
Contributions	5,855			
Interest and Dividends	47,852	2,784		55
Interfund Receivables	1,716			
Other Receivables	1,133			479
Other Assets	62,920			
Capital Assets, Net	9,708			
Total Assets	16,156,931	1,840,091	334,383	\$ 379,651
LIABILITIES				
Accounts Payable	1,026	42	294	
Interfund Payables	1,716			
Due to Other Entities				\$ 12
Amounts Held in Trust for Others				352,884
Obligations Under Securities Lending				9,784
Unearned Revenue	138			
Investments Purchased	232,706		87	
Policy Claim Liabilities	2,410			
Other Accrued Liabilities	11,337	466		16,971
Total Liabilities	249,333	508	381	\$ 379,651
NET POSITION				
Held in Trust for:				
Employee Pension Benefits	15,473,426			
Postemployment Healthcare Benefits	432,993			
External Investment Pool Participants		1,839,583		
Trust Beneficiaries	1,179		334,002	
Total Net Position	\$ 15,907,598	\$ 1,839,583	\$ 334,002	

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Fiscal Year Ended June 30, 2015

(dollars in thousands)

	Pension Trust	Investment Trust	College Savings Private-Purpose Trust
ADDITIONS			
Contributions:			
Member	\$ 272,916		
Employer	380,224		
Transfers In from Other Plans	21,834		
Participant Deposits		\$ 3,921,788	\$ 44,874
Total Contributions	674,974	3,921,788	44,874
Investment Income:			
Net Increase (Decrease) in Fair Value of Investments	141,099	(4,360)	1,093
Interest, Dividends, and Other	346,961	10,843	6,508
Less Investment Expense:			
Investment Activity Expense	(48,623)	(525)	
Net Investment Income	439,437	5,958	7,601
Miscellaneous Income	20		
Total Additions	1,114,431	3,927,746	52,475
DEDUCTIONS			
Benefits and Refunds Paid to Plan Members	850,743		
Transfers Out to Other Plans	34,036		
Administrative Expense	10,078		1,948
Earnings Distribution		5,641	
Participant Withdrawals	12,794	3,663,635	28,049
Total Deductions	907,651	3,669,276	29,997
Change in Net Position Held in Trust for:			
Employee Pension Benefits	187,784		
Employee Postemployment Healthcare Benefits	18,684		
External Investment Pool Participants		258,470	
Trust Beneficiaries	312		22,478
Net Position - Beginning of Year, as Restated	15,700,818	1,581,113	311,524
Net Position - End of Year	\$ 15,907,598	\$ 1,839,583	\$ 334,002

Statement of Net Position

Component Units

June 30, 2015

(dollars in thousands)

	Component Units			
	Idaho Housing and Finance Association	College and University Foundation	Petroleum Clean Water Trust	Health Reinsurance
ASSETS				
Cash and Cash Equivalents	\$ 57,866	\$ 19,647		\$ 6,967
Pooled Cash and Investments			\$ 1,575	
Investments	283,808	195,482	33,645	11,249
Accounts Receivable, Net	26,653	420	361	488
Due from Other Entities				
Inventories and Prepaid Items	757	1		
Due from Primary Government	698,794	1,066		
Loans, Notes, and Pledges Receivable, Net	727,466	17,598		
Other Assets	1,465	2,708	144	14
Restricted Assets:				
Cash and Cash Equivalents	27,468	16,061		
Investments		283,922		
Capital Assets:				
Nondepreciable	6,699	3,572		
Depreciable, Net	32,735	148		
Total Assets	1,863,711	540,625	35,725	18,718
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows	69,007			
Total Assets and Deferred Outflows of Resources	\$ 1,932,718	\$ 540,625	\$ 35,725	\$ 18,718
LIABILITIES				
Accounts Payable	\$ 1,217	\$ 2,089		\$ 19
Payroll and Related Liabilities	960			
Unearned Revenue	3,716	1,319		16,540
Amounts Held in Trust for Others	26,424	22,471		
Due to Primary Government		424		
Other Accrued Liabilities	216,097	26	\$ 111	62
Long-Term Liabilities:				
Due Within One Year	364,044	1,372	4,158	2,097
Due in More Than One Year	1,094,920	12,745		
Total Liabilities	1,707,378	40,446	4,269	18,718
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows	54			
NET POSITION				
Net Investment in Capital Assets	18,549			
Restricted for:				
Debt Service	138,226			
Permanent Trust - Expendable		153,122		
Permanent Trust - Nonexpendable		333,176		
Other Purposes	74,892			
Unrestricted	(6,381)	13,881	31,456	
Total Net Position	225,286	500,179	31,456	
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 1,932,718	\$ 540,625	\$ 35,725	\$ 18,718

Bond Bank Authority	Health Insurance Exchange	Total
\$ 317	\$ 5,155	\$ 89,635
		1,892
		524,184
	1	27,923
	9,372	9,372
	820	1,578
		699,860
416,589		1,161,653
5,051		9,382
		43,529
		283,922
		12
		10,283
		28,890
		61,773
421,957	44,250	2,924,986
		69,007
\$ 421,957	\$ 44,250	\$ 2,993,993
	\$ 5,542	\$ 8,867
	121	1,081
		21,575
		48,895
		424
\$ 5,051	3,772	225,119
18,585	27	390,283
403,832		1,511,497
427,468	9,462	2,207,741
		54
		28,902
		47,451
		138,226
		153,122
		333,176
		74,892
(5,511)	5,886	39,331
(5,511)	34,788	786,198
\$ 421,957	\$ 44,250	\$ 2,993,993

State of Idaho**Statement of Revenues, Expenses, and Changes in Fund Net Position****Component Units****For the Fiscal Year Ended June 30, 2015***(dollars in thousands)*

	Idaho Housing and Finance Association	College and University Foundation	Petroleum Clean Water Trust	Health Reinsurance
EXPENSES				
Personnel Costs	\$ 11,659	\$ 2,676		
Services and Supplies	11,514	7,419	\$ 1,139	\$ 273
Benefits, Awards, and Premiums	39,894	42,544	686	6,332
Interest Expense	97,694	186		12
Depreciation	2,987	36		
Other Expenses	245	598		
Total Expenses	163,993	53,459	1,825	6,617
PROGRAM REVENUES				
Charges for Services:				
Licenses, Permits, and Fees	19,838		2,263	
Sale of Goods and Services	4,869	57		3,410
Investment Income	99,338		443	111
Other Income	9,061	4,720		
Operating Grants and Contributions	40,860	51,848		652
Total Program Revenues	173,966	56,625	2,706	4,173
Net Revenues (Expenses)	9,973	3,166	881	(2,444)
GENERAL REVENUES				
Payments from State of Idaho				2,444
Total General Revenues				2,444
Capital Contributions	41			
Permanent Endowment Contributions		3,617		
Change in Net Position	10,014	6,783	881	
Net Position - Beginning of Year	215,272	493,396	30,575	
Net Position - End of Year	\$ 225,286	\$ 500,179	\$ 31,456	

The accompanying notes are an integral part of the financial statements.

Bond Bank Authority	Health Insurance Exchange	Total
	\$ 1,183	\$ 15,518
\$ 949	26,816	48,110
		89,456
14,799		112,691
	4,820	7,843
56	4	903
15,804	32,823	274,521
53	3,964	26,118
		8,336
15,471	4	115,367
		13,781
	51,213	144,573
15,524	55,181	308,175
(280)	22,358	33,654
		2,444
		2,444
		41
		3,617
(280)	22,358	39,756
(5,231)	12,430	746,442
\$ (5,511)	\$ 34,788	\$ 786,198

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

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Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the State of Idaho have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The GASB is the standard-setting body for governmental accounting and financial reporting principles.

During fiscal year 2015, the State implemented the following GASB Statements:

- Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.*
- Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.*

The financial statements are presented for the fiscal year ended June 30, 2015, except for the Idaho State Bar and the Idaho Dairy Products Commission (nonmajor special revenue funds); the Petroleum Clean Water Trust Fund, The Housing Company (THC), the Idaho Individual High Risk Reinsurance Pool, and the Idaho Small Employer Health Reinsurance Program (discretely presented component units); and the State of Idaho Public Employees' Deferred Compensation Plan (pension trust fund); whose statements are for the fiscal year ended December 31, 2014. The Idaho Potato Commission (nonmajor special revenue fund) has a fiscal year that ended August 31, 2014.

A. Reporting Entity

For financial reporting purposes, the State of Idaho's reporting entity includes the primary government and its component units. The primary government includes all funds, departments, agencies, boards, commissions, colleges and universities, and authorities that are considered an integral part of the State. Component units are legally separate organizations for which the State is financially accountable. Financial accountability exists if the State appoints a voting majority of the organization's governing board and either 1) is able to impose its will on the organization or 2) a potential exists for the organization to provide financial benefits to, or impose financial burdens on, the State.

For those entities for which the State does not appoint a voting majority of the governing body, inclusion of the entity is required if the organization is fiscally dependent on the State. Component units also include legally separate and tax-exempt organizations whose economic resources directly benefit the State, the State is entitled to

or has the ability to access those resources, and the resources are significant to the State.

Blended Component Unit

Blended component units are legally separate from the State but are so intertwined with the State that they are, in substance, the same as the State. The component units are reported as part of the primary government and blended into the appropriate funds.

The *Idaho State Building Authority* was created by Idaho Code Section 67-6403 to finance and construct facilities, such as office buildings and parking garages, to be used and leased by the State. The Authority relies on the State's leasing agreements, resulting in a significant financial benefit/burden relationship. The Authority provides services to the State of Idaho and some community colleges. The Authority is blended as a nonmajor special revenue fund. The Authority's financial statements may be obtained from the following address: Idaho State Building Authority, 950 W. Bannock St, Suite 490, Boise, ID 83702.

Discretely Presented Component Units

Discretely presented component units are reported in a separate column on the government-wide statements to emphasize that they are legally separate from the primary government. Information regarding the State's discretely presented component units and contact information to obtain their financial reports follow.

The *Idaho Housing and Finance Association* fund includes the Association and its component unit, The Housing Company, which was established to support the function and activities of the Association. The Association was created by Idaho Code Section 67-6202 for the purpose of building and rehabilitating residential housing for persons of low income. The Association is authorized to enter into agreements that include issuing bonds for the Idaho Transportation Department to facilitate transportation projects and for the Department of Labor to cover the shortfall in the Unemployment Compensation fund, thereby creating a financial benefit/burden relationship. The Governor appoints the Association board members.

(<http://www.idahohousing.com/ihfa/bond-investor-information/publications.aspx>)

The *College and University Foundation* fund includes the foundations of Boise State University (BSU), Eastern Idaho Technical College (EITC), Idaho State University (ISU), Lewis-Clark State College (LCSC), and the

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015**

University of Idaho (UI). The foundations were established for the purpose of soliciting donations in support of the growth and development of the colleges' and universities' programs and activities. Gifts and contributions are held, protected, managed, and invested for the exclusive benefit of the respective colleges and universities.

Boise State University Foundation, Inc.
<http://giving.boisestate.edu/>

Eastern Idaho Technical College Foundation, Inc.
<http://www.eitcfoundation.org/>

Idaho State University Foundation, Inc.
<http://idahostatefoundation.org/mission/financial-statements/>

Lewis-Clark State College Foundation, Inc.
<http://www.lcsc.edu/giving/>

University of Idaho Foundation, Inc.
<http://www.uidaho.edu/uidahofoundation/financialhighlights>

The *Idaho Petroleum Clean Water Trust Fund* was created by Idaho Code Section 41-4905 to provide pollution liability insurance for eligible owners and operators of petroleum storage tanks. The Governor appoints the members of the board and the State approves, and may modify, the Fund's plan of operation. The Legislature sets the fees charged for enrollment in the Fund and imposes a transfer fee on petroleum products. Thus the State has the ability to impose its will on the Fund. Financial statements may be obtained from the following address: Idaho Petroleum Clean Water Trust Fund, P.O. Box 83720, Boise, ID 83720-0044.

The *Health Reinsurance* fund includes the Idaho Individual High Risk Reinsurance Pool created by Idaho Code Section 41-5502 and the Idaho Small Employer Health Reinsurance Program created by Idaho Code Section 41-4711. The Pool and the Program are intended to promote the availability of health insurance coverage, regardless of health or claims experience. The Pool and Program provide a safety net to carriers in the form of a risk pool and reinsurance mechanism to facilitate the guaranteed issue of standardized state-approved health benefit plans. The Pool and the Program operate subject to the supervision and control of the same ten-member board, a majority of which is appointed by the director of the Department of Insurance. The Pool is partially funded through state premium tax revenue creating a financial burden for the State. Financial statements may be obtained from the following address: Idaho Individual High Risk Reinsurance Pool, Idaho Small Employer Health Reinsurance Program, 3449 East Copper Point Drive, Meridian, ID 83642.

The *Idaho Bond Bank Authority* was created by Idaho Code Section 67-8703 authorizing the Authority to issue bonds to make loans to municipalities for infrastructure. The Authority can obtain better credit ratings, better interest rates, and lower underwriting costs than municipalities can achieve individually. The Authority is administered by a five-member board, of which two members are appointed by the Governor and three are elected officials. The Authority can obligate sales tax revenue as a source of payment or security for bonds issued, which imposes a potential direct financial burden on the State. (<http://www.sto.idaho.gov/Services/IBBA/>)

The *Idaho Health Insurance Exchange* was created by Idaho Code Section 41-6104, with the purpose to establish a state-created, market-driven health insurance exchange that will facilitate the selection and purchase of individual and employer health benefit plans. The Exchange is financially self-supporting and does not request financial support from the State. The Exchange is administered by a 19 member board, with 17 total voting members. Of the 17 voting members, 14 are appointed by and serve at the pleasure of the Governor. The Director of the Department of Insurance shall review and approve all bylaws for the regulation and conduct of business of the Exchange. Financial statements may be obtained from the following address: P.O. Box 943, Boise ID 83701.

Related Organizations

The *State Insurance Fund*, created by Idaho Code Section 72-901, and the *Idaho Health Facilities Authority*, created by Idaho Code Section 39-1444, are related organizations for which the State is not financially accountable although the State appoints a voting majority of the organizations' boards. The financial reports of these organizations are excluded from the State's financial statements.

B. Government-Wide and Fund Financial Statements

Government-Wide Statements

The *Statement of Net Position* and *Statement of Activities* report information on nonfiduciary activities of the primary government and its component units. Primary government activities distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Internal service funds are included with governmental activities in the government-wide statements and are included with the proprietary funds in the fund statements.

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015**

The *Statement of Net Position* presents the State's nonfiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources with assets plus deferred outflows of resources minus liabilities and deferred inflows of resources reported as net position.

The *Statement of Activities* demonstrates the degree to which the direct expenses of governmental functions, business-type activities, and component units are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific governmental function, business-type activity, or component unit. Revenues are broken out by program and general designations. Program revenues include charges to customers who purchase, use, or directly benefit from goods or services provided by a given function, activity, or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Program revenues display the extent to which programs are self-funded. The difference between direct expenses and program revenue displays the net cost of the function to be financed from the State's general revenues. Taxes and other revenue sources that are not attributable to specific programs are shown as general revenues.

State agencies share the cost of some centralized services. These administrative overhead charges are reported as direct program expenses of each of the various functions. Certain indirect costs are paid by the general government function and are not allocated to the other governmental functions.

Fund Statements

Separate fund financial statements are presented for the governmental, proprietary, and fiduciary funds, even though fiduciary funds are excluded from the government-wide statements. The emphasis in the fund statements is on major funds. Major governmental and business-type funds are reported as separate columns in the fund statements. The remaining governmental and business-type funds are considered to be nonmajor funds and are consolidated in a nonmajor funds column. The nonmajor funds are displayed individually in combining statements.

The State reports the following major governmental funds:

The *General Fund* is the State's primary operating fund. It accounts for services that include general government, public safety and correction, health and human services, education, economic development, and natural resources. The General Fund includes all financial resources of the general government except those accounted for in another fund.

The *Health and Welfare* special revenue fund accounts for resources primarily from federal grants that are used for public assistance, medical care, foster care, and other relief for eligible citizens of Idaho.

The *Transportation* special revenue fund accounts for resources primarily from federal grants, fuel taxes, and registration fees that are used for administration, construction, and maintenance of the state highway and aviation systems.

The *Land Endowments* permanent fund manages and invests the revenues generated from the sale or lease of lands granted from the federal government under the Idaho Admission Act.

The State reports the following major proprietary funds:

The *College and University* fund accounts for resources used by the State's system of higher education.

The *Unemployment Compensation* fund accounts for resources used to provide unemployment benefits to eligible unemployed workers.

The *Loan* fund accounts for loans to make improvements to irrigation, wastewater, and drinking water systems.

Additionally the State reports the following fund types:

Governmental Fund Types

Special revenue funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

The *capital projects fund* accounts for financial resources that are restricted, committed, or assigned to finance construction of transportation infrastructure.

Permanent funds account for resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support certain state programs.

Proprietary Fund Types

Enterprise funds account for governmental operations that function in a manner similar to private business enterprises. The intent is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Internal service funds account for a variety of independent operations that provide goods or services to other state agencies or governmental units on a cost-

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015**

reimbursement basis. Internal service fund activities of the State include health, disability, property, liability, and other types of insurance; data processing services; and other general services such as facilities rentals.

Fiduciary Fund Types

Pension (and other employee benefits) trust funds account for resources held in trust for the members and beneficiaries of the State's defined benefit pension plans, defined contribution plans, deferred compensation plan, and other employee benefits. Complete financial statements of the State of Idaho Public Employees' Deferred Compensation Plan may be obtained by writing to the Idaho State Controller's Office, Attn: Brandon Woolf, P.O. Box 83720, Boise, ID 83720-0011.

Investment trust funds account for external participants' investments with the State's Local Government Investment Pool and Diversified Bond Fund.

The *private-purpose trust fund* accounts for resources held in trust by the Idaho College Savings Program; the principal and interest benefit individuals. Complete financial statements may be obtained by writing to Idaho College Savings Program, IDEal – Idaho College Savings Program, P.O. Box 219944, Kansas City, MO 64121.

The *Agency fund* accounts for residual idle cash and investments held by the State on behalf of other governmental entities and administered by the State Treasurer's Office. The fund also accounts for resources collected or held by the State, acting in a custodial capacity, for distribution to other governmental units or designated beneficiaries. These resources include deposits of securities by banks and insurance companies.

Classification of Revenues and Expenses of Proprietary Funds

Operating and nonoperating revenues and expenses are presented separately on the operating statements. Operating transactions generally occur if they directly result from the provision of goods or services to customers or are otherwise directly related to the principal and usual activity of the fund. All other revenues and expenses are reported as nonoperating.

Reconciling Government-Wide Statements to the Fund Statements

The governmental fund statements include a reconciliation between the fund statements and the

government-wide statements. Differences that make a reconciliation necessary include the two differing measurement focuses and bases of accounting between the statements and the inclusion of internal service funds with governmental activities on the government-wide statements.

The proprietary fund statements include a reconciliation between the fund statements and the government-wide statements for internal service fund activity that is included in the enterprise fund statements but eliminated in the government-wide statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. The Agency fund reports only assets and liabilities using the accrual basis of accounting; they have no measurement focus.

Reimbursements are eliminated in the government-wide Statement of Activities to reduce the grossing-up effect of internal transactions. Reimbursements are repayments from funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements include payments for maintenance and construction projects, federal grant pass-throughs from one state agency to another, insurance premiums, technical services, and the allocation of central human resource costs to all agencies.

Governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become susceptible to accrual, generally when they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the State generally considers revenues to be available if they are collected within 60 days of the end of the fiscal period. Significant revenue sources susceptible to accrual include sales tax, individual and corporate taxes, motor fuel taxes, and federal grants. Licenses, permits, fees, and other miscellaneous revenues, which are derived from an underlying transaction, are recognized when received since they are normally only measurable at that time. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015**

However, expenditures related to debt service, compensated absences, and claims and judgments are recorded when paid.

The State reports only enterprise funds as business-type activities. The business-type activities follow all current GASB pronouncements.

THC and the foundations of BSU, EITC, and ISU issue financial statements in accordance with generally accepted accounting principles for not-for-profit organizations. The Idaho Petroleum Clean Water Trust Fund issues statutory basis financial statements. The financial statements and note disclosures of THC, these foundations, and the Idaho Petroleum Clean Water Trust Fund have been reformatted to comply with GASB requirements.

D. Financial Statement Elements

Assets

Cash and Cash Equivalents

Cash and Cash Equivalents consist of bank accounts; petty cash; cash in transit; money market accounts; FDIC insured nonnegotiable certificates of deposit; and short-term, highly-liquid investments with a maturity of three months or less from the date of acquisition.

Pooled Cash and Investments

Cash balances of most funds are deposited with the State Treasurer's Office (STO). Balances not required to meet immediate needs are pooled in an internal investment pool. Idaho Code Sections 67-2725 through 67-2749, and Sections 67-1210, 67-1210A and 67-1210B, govern STO deposit and investment policies for the pooled balances. See Note 2 for more information.

Investments

The State reports most investments at fair value based on published market prices and quotations from investment brokers. Investments held in lieu of surety deposits, which are not held for investment purposes, are carried at historical cost in the State's agency fund. Certain entities disclosed in Note 2 report money market investments and other highly liquid investments with a remaining maturity of one year or less at the time of purchase using amortized cost. See Note 2 for more information.

Securities Lending Collateral

Security lending agreements are transfers of securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. Securities lending collateral is reported at fair market value. See Note 2 for more information.

Receivables, Net

Receivables in the General Fund consist primarily of income and sales taxes. Special revenue fund receivables consist primarily of federal health and transportation grants, fuels taxes, and vendor receipts. Proprietary fund receivables consist mainly of loans, unemployment assessments, and student tuition and fees. Fiduciary fund receivables consist primarily of investments sold in the pension trust funds. The receivables are disaggregated on the financial statements. See Note 5 for more information on noncurrent receivables.

Internal Balances

Interfund receivables and payables consist of unpaid balances for goods and services provided by one fund to another and for certain statutorily required transfers due at year-end. Interfund goods and services provided are reported as revenues in seller funds and expenditures or expenses in purchaser funds. These balances are generally short-term receivables and payables. See Note 4 for interfund schedules and any receivables not expected to be collected within one year. Interfund receivable and payable balances and activity have been eliminated from the government-wide Statement of Net Position, except for the residual amounts due between governmental and business-type activities, which are shown as Internal Balances.

Inventories and Prepaid Items

Inventory consists of materials and supplies that will be consumed within a year. Governmental and proprietary fund-type inventories of supplies and materials are valued at cost, which approximates market value, generally using the first-in, first-out method. Prepaid expenses represent amounts paid in the current period for services that will benefit future periods. Inventory and prepaid expenses are accounted for using the consumption method.

Other Assets

Other assets include interest receivable, and other miscellaneous items.

Restricted Assets

Assets are reported as restricted when constraints on asset use are imposed by constitutional provisions, enabling legislation, or external parties; and the constraints change the nature or normal understanding of the availability of the asset. See Note 2 for more information.

Capital Assets, Net

Capital assets include land, improvements to land, land use rights, buildings, improvements to buildings, machinery, equipment, software, historical art and collections, capital assets in progress, all infrastructure

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

regardless of acquisition date, and other tangible or intangible assets used in operations. Tangible assets with a value of \$5,000 or more, and intangible assets with a value of \$200,000 or more, and a useful life of more than one year are capitalized. The costs of normal repairs and maintenance that do not add to the asset's functionality or materially extend an asset's useful life are not capitalized. Interest expense related to capital asset construction is capitalized for enterprise funds.

Capital assets are reported at cost or estimated historical cost, if actual cost is not available. In cases where historical cost is not available, assets are valued using comparable assets indexed forward or backward with the Consumer Price Index. Donated capital assets are reported at their estimated fair value at the date of donation. Endowment land originally granted to the State by the federal government is reported at one dollar per acre.

Capital assets are depreciated or amortized with the exception of roads, rights-of-way, land, capital assets in progress, historical art and collections, and certain intangible assets with an indefinite useful life. Depreciation and amortization are recorded as depreciation expense. For all depreciable major asset classes, depreciation and amortization are calculated on a straight-line basis over their estimated useful lives, as follows:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements to Buildings	30 - 50
Improvements Other Than Buildings	5 - 50
Machinery, Equipment, and Other	3 - 40
Infrastructure – Bridges	75
Infrastructure – Other	30 - 50

Roads are not depreciated but rather are accounted for under the modified approach. The modified approach recognizes that this class of infrastructure will be indefinitely maintained at a certain condition level and as such does not have a limited lifespan. Costs to maintain the roads at the set condition levels are expensed rather than capitalized, unless the road's service potential is increased or additions are made. The Idaho Transportation Department has the responsibility for determining and assessing the condition levels, maintaining the inventory of roads, and making annual estimates of costs to maintain the roads. Further information regarding infrastructure can be found in the Required Supplementary Information.

Historical art and collections include historical artifacts, documents, rare books, paintings, portraits, state capitol-related artifacts, furnishings, films, statues, and monuments. Some of the State's historical art and

collections have not been capitalized because they are preserved and protected for public display, education, or research. The proceeds from the sales of collection items are used to acquire other items for the collection. Historical art and collections already capitalized at June 30, 1999, have remained capitalized even if they meet the conditions for exemption from capitalization.

Intangible assets acquired in fiscal years ending after June 30, 1980, and not previously capitalized, are retroactively reported as of July 1, 2009. Some intangible assets with indefinite useful lives as of July 1, 2009, and some internally generated intangible assets created prior to or in progress as of July 1, 2009, were retroactively reported if appropriate historical costs were determinable.

See Note 6 for more information on capital assets.

Deferred Outflows of Resources

Deferred outflows of resources consist of costs related to debt defeasance and decreases in the fair value of hedging derivative instruments to be recognized in a future period. At the time that the instrument is terminated, the amount will be reported as a decrease of investment income.

Deferred outflows of resources also consist of pension contributions made subsequent to the actuarially-determined pension liability measurement date and the State's proportionate share of the total pension-related deferred outflows of resources

See Notes 7 and 8 for more information.

Liabilities

Payables

Payables in the General Fund consist primarily of sales taxes due to local governments, vendor obligations, and unsettled trades payable, which account for tax anticipation notes security proceeds which have a trade date prior to year-end and a settlement date after year-end. Payables in the special revenue funds relate primarily to vendor obligations, fuel taxes to be distributed to local governments, and Medicaid. Medicaid Payable includes the amount the State expects to pay within 60 days of fiscal year end. The remaining amount, estimated Medicaid claims expected to be presented within the next year, is reported as Claims and Judgments within the Long-Term Liabilities due within one year on the government-wide Statement of Net Position. Proprietary fund payables consist mostly of payroll liabilities and vendor obligations. The pension trust fund payable is comprised primarily of investments purchased by the Public Employee Retirement System of Idaho.

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015**

Unearned Revenue

Unearned revenue is recorded when cash is received prior to being earned.

Amounts Held in Trust for Others

Amounts held in trust for others consist of cash or other assets held for an individual or entity until certain conditions of an agreement are met, at which time the asset is returned to the owner. Occasionally the owner may default on the conditions; at that time, the asset held in trust becomes the property of the State and revenue is recorded.

Obligations Under Securities Lending

Obligations under securities lending consist of the collateral that has been received from borrowers for lent securities. The State has an obligation to return the collateral when the borrower returns the securities to the State. See Note 2 for more information.

Other Accrued Liabilities

Other accrued liabilities primarily consist of interest payable and other miscellaneous liabilities.

Long-Term Liabilities

Government-wide and proprietary financial statements report long-term obligations as liabilities, with the portion payable within 12 months designated separately from the portion payable in more than 12 months. Long-term liabilities include the following:

Bonds and Notes Payable consists of bonds and notes issued for the construction or acquisition of facilities and for funding various projects. Bond premiums and discounts are deferred and amortized over the life of the loan. See Note 13 for more information.

Capital Leases Payable consists of lease contracts that transfer substantially all of the benefits and risks of ownership of property to the State. See Note 11 for more information.

Compensated Absences Payable includes vacation and compensatory time earned by employees but not paid and retirees' unused sick leave to be used for the acquisition of health insurance. See Note 13 for more information.

Policy Claim Liabilities includes amounts for probable claims that have been incurred and the amount of the loss has been reasonably estimated. See Notes 10 and 13 for more information.

Other Long-Term Liabilities consists of payables on behalf of the State and its agencies for various legal proceedings and claims, a net pension liability, net other postemployment benefits obligations, and other

miscellaneous liabilities. See Notes 8, 9, and 13 for more information.

Deferred Inflows of Resources

Deferred inflows of resources consists of unavailable revenue, which is revenue that has been earned but is not available within 60 days, government mandated nonexchange transactions, the State's proportionate share of the total pension-related deferred inflows of resources, and increases in the fair value of hedging derivative instruments to be recognized in a future period. At the time that the instrument is terminated, the amount will be reported as an increase of investment income. See Notes 7 and 8 for more information.

E. Net Position / Fund Balance

Net Position

Net position is the difference between assets and deferred outflows of resources minus liabilities and deferred inflows of resources on the government-wide, proprietary, and fiduciary fund financial statements.

Net position is displayed in the following three categories:

Net Investment in Capital Assets consists of capital assets net of accumulated depreciation, deferred outflows of resources, deferred inflows of resources, and reduced by outstanding related debt.

Restricted Net Position results when third parties, constitutional provisions, or enabling legislation impose constraints on net position use. The State does not have a policy regarding the preferred first usage of unrestricted or restricted net position. Expense allocation decisions are made on a program-by-program basis when both restricted and unrestricted net positions are available.

Unrestricted Net Position consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position may have constraints or designations placed upon them by management, which can be unilaterally removed.

Fund Balance

Fund balance is the difference between assets and liabilities on the governmental fund financial statements. The Legislature approves appropriations for State agencies and in so doing specifies the funding sources and the order in which restricted, committed, assigned, or unassigned fund balance is spent. Fund balances are classified in the following five categories:

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

Nonspendable fund balances consist of amounts that cannot be spent because they are in nonspendable form, such as inventories, prepaid items, and long-term receivables; or they are legally or contractually required to be maintained intact, such as the corpus of the permanent fund.

Restricted fund balances consist of amounts that are constrained by either external parties or imposed by law through constitutional provisions or enabling legislation and can only be used for specific stated purposes.

Committed fund balances consist of amounts that are constrained by statutes enacted by the Legislature and approved by the Governor. The committed amounts cannot be used for any other purposes unless subsequent legislation changes or removes the

specified purposes. The legislation that constrains the use of the resources is separate from the authorization to raise the underlying revenue.

Assigned fund balances consist of amounts that are constrained by the Legislature's or agency director's intent to be used for specific purposes, and are neither restricted nor committed.

Unassigned fund balance is the residual classification for the General Fund. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

See Note 14 for more information.

NOTE 2. DEPOSITS, INVESTMENTS, AND RESTRICTED ASSETS

A. Deposits

Cash and cash equivalents are deposited with various financial institutions. Legal provisions regarding deposits are found throughout Idaho Code Title 67. The State Treasurer's Office (STO) acts as the State's bank, receiving and disbursing all moneys except for the following: the State Bar, the Potato Commission, the Dairy Products Commission, the Wheat Commission, some of the endowment fund accounts, the Idaho State Building Authority, some of the colleges' and universities' accounts, the Idaho Housing and Finance Association, the college and university foundations, the Idaho Individual High Risk Reinsurance Pool, the Idaho Small Employer Health Reinsurance Program, the Idaho Bond Bank Authority, the Idaho Health Insurance Exchange, some of the Public Employee Retirement

System of Idaho accounts, and the Idaho Public Employees' Deferred Compensation Plan. In accordance with Idaho Code Sections 67-1210 and 67-1210A the STO invests the pooled cash not needed to meet immediate obligations in various types of investments. The pool balances are available on demand to the participants. Interest received on the pooled cash and investments is paid into the General Fund, unless Idaho statute requires allocation of interest to specific funds. The weighted average maturity of the pooled cash and investments held by the STO was 302 days.

Custodial credit risk is the risk that in the event of a financial institution failure, the State's deposits may not be returned. The State does not have a formal policy to address custodial credit risk.

Custodial Credit Risk at June 30, 2015

(dollars in thousands)

	Governmental and Business- Type Activities	Fiduciary Funds	Component Units
Bank Value of Deposits	\$ 232,641	\$ 28,716	\$ 128,498
Uninsured and Uncollateralized Deposits	73,819	4,393	16,900
Uninsured Deposits Collateralized with Securities Held by the Pledging Financial Institution	41,214		4,955
Uninsured Deposits Collateralized with Securities Held by the Pledging Financial Institution's Trust Department or Agent, but not in the State's Name		839	

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015**

B. Investments

General Investment Policies

The Idaho Uniform Prudent Investor Act (Idaho Code Sections 68-501 through 68-514) stipulates the standard to be followed by state investment personnel. The primary focus of the Act is preservation of capital and avoidance of speculative transactions through exercise of reasonable care, skill, and caution. The goal is to provide a reasonable return while following specific objectives of various trusts. The Act may be expanded, restricted, eliminated, or altered by provisions of Idaho statute or a trust.

The STO invests idle moneys in accordance with Idaho Code Sections 67-1210, 67-1210A, and 67-2739. The STO Investment Division manages both the short-term and intermediate-term investments. Unsettled trades payable consisting of \$236.9 million in U.S. government agency securities are subject to interest rate risk, credit risk, and concentration of credit risk.

Some investments are made directly by an agency rather than by the STO. Only a few agencies are authorized to make such investments and then only for specific programs. Investments are valued as described in Note 1.

Types of Investments

Idaho Code Section 67-1210 authorizes the STO and agencies with investment authority to make direct investments in the following types of investments:

- U.S. government obligations, which pledge the full faith and credit of the U.S. government
- General obligation or revenue bonds of the State or any Idaho county, city, or taxing district
- Obligations issued under the Farm Credit Act of 1971; obligations issued by the Federal National Mortgage Association and the Federal Home Loan Bank; and obligations issued or guaranteed by other agencies or instrumentalities of Idaho or of the United States, including the U.S. Small Business Administration guaranteed portion of any approved loan by an Idaho banking corporation and by the STO
- Obligations issued by public corporations of the State
- Repurchase agreements covered by any legal investment for the State
- Tax and revenue anticipation instruments of the State or Idaho taxing districts
- Time deposit and savings accounts in state depositories, state and federal savings and loan associations, or state

and federal credit unions located within the boundaries of Idaho

- Revenue bonds of Idaho higher education institutions
- Money market funds whose portfolios consist of investments specified in this section and are denominated in U.S. dollars

Idaho Code Section 67-1210A authorizes the STO to enter into the following additional types of transactions:

- Prime banker's acceptances and prime commercial paper
- Sale and repurchase of call options on securities owned by the STO or the Local Government Investment Pool
- Bonds, notes, and debentures of any U.S. corporation with at least an A rating, at the time of purchase, by a nationally recognized statistical rating organization such as Standard & Poor's or Moody's

The STO manages two external investment pools, the Local Government Investment Pool (LGIP) and the Diversified Bond Fund (DBF). In order to earn a higher yield, Idaho governmental entities may voluntarily deposit moneys not needed to meet immediate operating obligations in these pools. The STO must operate and invest the funds of both pools for the benefit of the participants. Separately issued financial reports for LGIP and DBF may be obtained from the State Treasurer's Office, P.O. Box 83720, Boise, Idaho 83720-0091.

The Endowment Fund Investment Board (EFIB) manages investments of Idaho's permanent fund, the Land Endowments fund. Idaho Code Section 57-720 gives the EFIB the authority to formulate investment policies of the permanent endowment fund and earnings reserve funds. Idaho Code Section 57-723 stipulates that the EFIB and its investment managers are governed by the Idaho Uniform Prudent Investor Act and the Idaho Constitution. In addition to the investment types mentioned previously, the EFIB has approved the following types of investments:

- Collateralized mortgage obligations
- Mutual or collective funds whose portfolios are registered funds or operated by Delaware Business Trusts
- Domestic and international equities
- Financial index futures, options, and certain derivatives as approved by the EFIB

The Retirement Board of the Public Employee Retirement System of Idaho (PERSI) has established a Statement of Investment Policy in accordance with Idaho Code

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015**

Sections 68-501 through 68-514 and Sections 59-1301 through 59-1399. In addition to the investments mentioned above for the STO and the EFIB, the following types of investments are approved for PERSI funds:

- Derivative instruments, specifically, swaps and forward foreign currency contracts by a few selected managers
- Private equity real estate investments in open-end and closed-end commingled real estate funds, direct real estate, publicly traded real estate investment trusts (REITs), passive REIT index funds, and other public real estate companies, private real estate companies, and real estate operating venture entities
- Alternative investments upon the recommendation of a qualified consultant after due diligence and with approval by the Board or subcommittee appointed by the Board

Custodial Credit Risk of Investments

Custodial credit risk for investments is the risk that in the event of the failure of a counterparty, the value of investments or collateral securities that are in the possession of an outside party will not be recovered. The State does not have a formal policy to address custodial credit risk. The following describes the policies and risks for those state entities that are exposed to custodial credit risk:

- The Idaho Workers' Compensation Law (Idaho Code Title 72) requires sureties to maintain a security deposit with the STO in order to write workers' compensation insurance or to be self insured. The amount of sureties that are held by the bank in the name of the insurance company and subject to custodial credit risk was \$306.2 million.
- The PERSI investment policy mitigates custodial credit risk by requiring that investments, to the extent possible, be registered in the name of the PERSI and be delivered to a third-party custodian. Short-term investments are created through daily sweeps of excess cash. The PERSI had various short-term investments of \$7.9 million held by various counterparties, not in the PERSI's name.
- The Boise State University Foundation does not have a formal policy that would limit its exposure to custodial credit risk. The Foundation had various investments of

\$104.0 million that were uninsured and held in the name of the broker.

- The University of Idaho Foundation minimizes exposure to custodial credit risk by requiring that investments, to the extent possible, be clearly marked as to Foundation ownership and insofar as possible, be held in the Foundation's name. The Foundation had various investments of \$218.5 million that were held in the name of the counterparty for benefit of the Foundation.

Interest Rate Risk of Debt Securities

Investments in debt securities that are fixed for longer periods are likely to experience greater variability in fair values due to future changes in interest rates. The State has not adopted a formal policy that addresses interest rate risk, except as follows:

- The EFIB has adopted the policy that the fixed-income weighted average of the EFIB portfolio may not exceed that of the Barclays Capital Aggregate Bond Index by more than one-half year. The separate Endowment Funds Interest Rate Risk schedule quantifies the interest rate risk of EFIB fixed-income securities.
- The PERSI manages interest rate risk using the effective duration methodology, which takes into account the options on bonds and scales the risk of price changes on bonds depending upon the degree of change in rates and the slope of the yield curve. All of the PERSI fixed-income portfolios are managed in accordance with operational guidelines, which include an expected range of interest rate risk in the portfolio. Per the PERSI policy, these characteristics are established and monitored within each portfolio, with variances reported by the manager. The reporting of effective duration found in the separate schedule following the PERSI investments schedule quantifies the interest rate risk of the PERSI fixed-income assets. Some of the large durations are due to the use of options and forward foreign currency contracts.
- The Idaho Housing and Finance Association has adopted bond indentures, bond resolutions, and trust resolutions that provide investment maturities based upon the cash requirements of the Association's accounts, as determined by authorized Association investment officers. The Association's investment maturities are presented as part of the Component Units Maturity of Debt Investments at June 30, 2015.

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

Primary Government and Fiduciary Funds Investments and Maturities at June 30, 2015
(Except Endowment Funds, PERSI, Idaho College Savings Program, and Deferred Compensation Plan)
(dollars in thousands)

Investment Type	Less than 1 Year	1-5 Years	6-10 Years	11-15 Years	16-20 Years	21-25 Years	26-30 Years	More than 30 Years	Total Fair Value
Debt Securities:									
Money Market Funds	\$ 3,534								\$ 3,534
Certificates of Deposit	8,600	\$ 4,960							13,560
Repurchase Agreements	457,057								457,057
Commercial Paper	180,888								180,888
U.S. Gov't Obligations	542,552	252,239	\$ 21,356						816,147
U.S. Gov't Agency Obligations	2,379,189	181,618	15,154						2,575,961
U.S. Gov't Agency Mortgage-Backed Securities*		173,469	103,235	\$ 887					277,591
U.S. Gov't Corporation Mortgage-Backed Securities*		13,286							13,286
Commercial Mortgages*	1,807	2,196	9,471						13,474
Corporate Obligations	93,971	123,310	64,327						281,608
Municipal and Public Entity Obligations	33,395	609	76	82					34,162
Bond Mutual Funds and Other Pooled Fixed-Income Securities	237,947	30,179	18,245	2,445	\$ 1,222	\$ 8,837	\$ 3	\$ 1,026	299,904
Idaho Small Business Loans	4	1,075	91	479					1,649
External Investment Pools	64,364								64,364
Total Debt Securities	4,003,308	782,941	231,955	3,893	1,222	8,837	3	1,026	5,033,185
Reinvestment of Securities Lending Collateral:									
Money Market Funds	32,500								32,500
Repurchase Agreements	270,013								270,013
Total Debt Securities and Reinvestment of Securities Lending Collateral	\$ 4,305,821	\$ 782,941	\$ 231,955	\$ 3,893	\$ 1,222	\$ 8,837	\$ 3	\$ 1,026	5,335,698
Other Investments:									
Cash Equivalents included with Investments									197
Equity Securities and Mutual Funds									28,977
Mutual Funds									7,608
International Equity Funds									2,995
Total									\$ 5,375,475

*Mortgage-backed securities are reported using weighted-average life to more accurately reflect the projected term of the security, considering interest rates and repayment factors.

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

Endowment Funds Interest Rate Risk at June 30, 2015
(dollars in thousands)

Investment Type	Fair Value	Modified Duration In Years
Debt Securities:		
Barclays Capital Aggregate Bond	\$ 453,784	5.60
U.S. Treasury Inflation-Protected Securities	80,114	8.10
Total Endowment Fund Debt Securities	<u>533,898</u>	
Other Investments:		
Equity Investments	1,275,911	
Money Market Funds	20,911	
Total Other Endowment Fund Investments	<u>1,296,822</u>	
Unsettled Trades:		
Receivable for Investments Sold	(7,055)	
Payable for Investments Purchased	24,815	
Total Endowment Fund Investments	<u>\$ 1,848,480</u>	

PERSI Investments at June 30, 2015
(dollars in thousands)

Investment Type	Fair Value
Domestic Fixed-Income	\$ 3,231,115
Commingled Domestic Fixed-Income	109,825
International Fixed-Income	37,901
Idaho Commercial Mortgages	553,505
Short-Term Domestic Investments	348,294
Real Estate	506,568
Domestic Equities	5,931,319
Commingled Domestic Equity	235,935
International Equities	2,854,496
Commingled International Equity	55,428
Private Equity	966,001
Mutual Funds	688,598
Total PERSI Investments	<u>\$ 15,518,985</u>

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

PERSI Effective Duration of Fixed Income Assets by Security Type at June 30, 2015
(dollars in thousands)

Investment Type	Domestic Securities		International Securities		Total Fair Value
	Fair Value	Effective Duration in Years	Fair Value	Effective Duration in Years	
Asset-Backed Securities	\$ 5,615	(0.05)			\$ 5,615
Asset-Backed Securities	725	*	\$ 255	1.49	980
Mortgages	17,856	2.51			17,856
Mortgages	6,122	*			6,122
Commercial Paper	59,870	0.27			59,870
Corporate Bonds	857,875	7.25	5,569	2.96	863,444
Corporate Bonds	578	*			578
Fixed-Income Derivatives	(207)	4.55			(207)
Fixed-Income Derivatives	(315)	*			(315)
Government Agencies	94,567	7.44			94,567
Government Agencies	348	*			348
Government Bonds	794,694	6.41	33,561	6.69	828,255
Government Bonds			(3)	*	(3)
Government Mortgage-Backed Securities	237,694	1.78			237,694
Government Mortgage-Backed Securities	24,367	*			24,367
Pooled Investments	14,109	0.08			14,109
Pooled Investments	109,825	*			109,825
Private Placements	40,738	4.98			40,738
Private Placements	105,529	*			105,529
U.S. Treasury Inflation-Protected Securities	1,457,178	8.50			1,457,178
Idaho Mortgages	575,174	*			575,174
Total PERSI Fixed Income Securities	\$ 4,402,342		\$ 39,382		\$ 4,441,724

*Duration calculations for some securities are not available.

Idaho College Savings Program Investments at June 30, 2015
(dollars in thousands)

Investment Type	Fair Value	Average Maturity In Years
Money Market Funds	\$ 26,267	Less than 1
Bond Funds	95,386	7.9
Inflation-Linked Bond Fund	10,788	8.7
International Bond Funds	26,540	8.9
Equity Funds	115,831	
International Equity Funds*	49,604	
Sallie Mae High-Yield Savings Account	9,399	
Total Idaho College Savings Program Investments	\$ 333,815	

*Investments may be subject to foreign currency risk.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

Deferred Compensation Plan Investments at December 31, 2014

(dollars in thousands)

Investment Type	Fair Value	Average Maturity In Years
<u>Fixed Income:</u>		
Great West Life Fixed Option	\$ 33	
Idaho Retiree Fixed Fund	98,769	11.34
Nationwide Life Fixed Fund	61,127	11.34
Total Fixed Income	<u>159,929</u>	
<u>Variable Income:</u>		
American Century Heritage Fund	37,410	
Capital World	7,074	
Carrier Suspense	1	
Charles Schwab	1,969	
Dodge & Cox Stock Fund	8,909	
Dreyfus	5,879	
Dreyfus Bond Market Index Fund	5,419	7.63
Dreyfus Small cap Stock Index Fund	3,284	
EuroPacific Growth Fund	5,103	
Fidelity	25,632	
Great West	25	
Investment Suspense	(1)	
JPMorgan	3,984	
Legg Mason Partners	1,852	
Nationwide Destinations 2015 Fund	954	3.64
Nationwide Destinations 2020 Fund	1,767	2.51
Nationwide Destinations 2025 Fund	1,892	1.37
Nationwide Destinations 2030 Fund	1,407	0.64
Nationwide Destinations 2035 Fund	731	0.25
Nationwide Destinations 2040 Fund	330	0.25
Nationwide Destinations 2045 Fund	274	
Nationwide Destinations 2050 Fund	78	
Nationwide International Index Fund	409	
Nationwide Investor Destinations Aggressive Fund	8,497	0.45
Nationwide Investor Destinations Conservative Fund	1,057	4.86
Nationwide Investor Destinations Moderate Fund	9,752	2.25
Nationwide Investor Destinations Moderately Aggressive Fund	14,833	1.13
Nationwide Investor Destinations Moderately Conservative Fund	1,708	3.80
Nationwide Retirement Income Fund	104	5.13
Neuberger Berman	12,596	
State Street Equity	9,376	
Templeton Foreign Fund	2,324	
The Income Fund of America	14,804	5.30
Van Kampen	3,656	
Waddell & Reed Advisors High Income Fund	3,992	5.07
Total Variable Income	<u>197,081</u>	
<u>Annuity Payout Options:</u>		
DCVAII	36	
Nationwide Life	2,429	
Total Annuity Payout Options	<u>2,465</u>	
<u>Life Insurance Contracts:</u>		
Monumental Life	373	
Total Deferred Compensation Plan Investments and Life Insurance Contracts	<u>\$ 359,848</u>	

All investments are unrated.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

Component Units Maturity of Debt Investments at June 30, 2015

(dollars in thousands)

Investment Type	Less than 1 Year	1-5 Years	6-10 Years	11-15 Years	16-20 Years	21-25 Years	More than 30 Years	Total Fair Value
Debt Securities:								
Money Market Funds*	\$ 172,669							\$ 172,669
U.S. Gov't Obligations	2,982	\$ 30,587	\$ 9,065	\$ 2,337	\$ 11	\$ 40	\$ 15	45,037
U.S. Gov't Agency Obligations	2,374	37,607	6,297	8,396	24,365	8,059		87,098
Corporate Obligations	11,654	67,498	10,081	603	683	94	102	90,715
Municipal Obligations		29	79	34	57	31	12	242
Bond Mutual Funds	59	10,433	25,351	238		81	6	36,168
Total Debt Securities	\$ 189,738	\$ 146,154	\$ 50,873	\$ 11,608	\$ 25,116	\$ 8,305	\$ 135	431,929
Other Investments:								
Cash Equivalents included with Investments								1,413
Domestic Equities								117,424
Foreign Equities								1,219
Private Equities								23,664
Investment Agreements								30,069
Corporate Obligations Without Maturity Dates								485
Equity and Income Mutual Funds								31,534
Mutual Funds								80,992
International Equity Funds								48,879
Real Estate and Perpetual Trusts**								20,849
Commodities								2,263
Insurance Annuities								373
Hedge Funds								10,797
Interest Rate Swaps								(870)
Land Held by Endowment***								7,303
Component Units Investments								\$ 808,323

*Includes \$0.2 million of money market funds that are reported with pooled cash and investments.

**\$3.6 million valued at cost.

***Investments valued at cost.

Credit Risk of Debt Securities

The risk that an issuer of debt securities or another counterparty to an investment transaction will not fulfill an obligation is commonly expressed in terms of the credit quality rating issued by a national rating organization. Investments explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality ratings. Unless otherwise stated, the ratings presented use the Moody's scale. The State does not have a formal policy to address credit risk of debt securities. The following Boards have formally adopted policies that address credit quality ratings of debt securities:

- The State Board of Education policy allows colleges and universities to invest in corporate bonds and mortgage-backed securities of A grade or better and commercial paper of prime or equivalent grade without prior Board approval.
- The EFIB investment policy states that investment grade bonds must be rated BBB (or the equivalent) or better; commercial paper must be rated A1 (or the equivalent) or better; and money market funds shall

contain securities with an absolute minimum of investment grade by Standard & Poor's (S&P) or Moody's.

- The PERSI has no strict limitations for credit risk exposures. Each PERSI portfolio is managed in accordance with operational guidelines that outline expected portfolio characteristics which usually, but not always, include credit quality and exposure levels. Per the PERSI policy, these characteristics are established and monitored within each portfolio, with variances reported by the manager.
- The Idaho Housing and Finance Association policies permit investments for each bond issue in accordance with the various bond indentures and bond resolutions adopted by the Association. Program account investments are restricted to those allowed by Idaho Code Section 67-6215B or by federal regulations. The Association has adopted resolutions as policy for authorized investments in the Affordable Housing Investment Trust and the Loan Guaranty Trust. The Association has not adopted a formal policy related to the Association's business operations investments.

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

Primary Government and Fiduciary Funds Credit Quality Ratings of Debt Securities at June 30, 2015
(Except Endowment Funds, PERSI, and Deferred Compensation Plan)
(dollars in thousands)

Investment Type	Aaa	Aa	A	Baa	Ba	B	C	A1-P1	NP	Unrated	Fair Value
Money Market Funds*	\$ 8,415	\$ 530								\$ 30,091	\$ 39,036
Certificates of Deposit	257		\$ 750						\$ 1,753	10,800	13,560
Repurchase Agreements										457,057	457,057
Commercial Paper								\$ 180,888			180,888
U.S. Gov't Agency Obligations	13,643	760,781						1,563,566		237,971	2,575,961
U.S. Gov't Agency Mortgage-Backed Securities	6,063	872								270,656	277,591
Commercial Mortgages	9,471	2,588	1,415								13,474
Corporate Obligations	10,180	67,690	193,593	\$ 10,145							281,608
Municipal and Public Entity Obligations	208	486	28							33,440	34,162
Bond Mutual Funds and Other Pooled Fixed-Income Securities	8,385	49,533	2,066	2,490	\$ 673	\$ 409	\$ 206			368,856	432,618
External Investment Pools										64,364	64,364
Total	\$ 56,622	\$ 882,480	\$ 197,852	\$ 12,635	\$ 673	\$ 409	\$ 206	\$ 1,744,454	\$ 1,753	\$ 1,473,235	\$ 4,370,319

Reinvestment of Securities Lending Collateral:

Investment Type	Aaa	A1-P1	Unrated	Fair Value
Money Market Funds	\$ 32,500			\$ 32,500
Repurchase Agreements		\$ 260,013	\$ 10,000	270,013
Total	\$ 32,500	\$ 260,013	\$ 10,000	\$ 302,513

*Includes \$9.2 million of money market funds that are reported with cash and cash equivalents.

Endowment Funds
Credit Quality Ratings of Debt Investments at June 30, 2015
(dollars in thousands)

Investment Type	Fair Value	Average S & P Rating
Barclays Capital Aggregate Bond	\$ 453,784	AA-
U.S. TIPS Index	80,114	AA+
Total	\$ 533,898	

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

PERSI Credit Quality Ratings of Fixed-Income Securities at June 30, 2015

(dollars in thousands)

S & P Rating Level	Investment Type		Fair Value
	Domestic Securities	International Securities	
A-1	\$ 59,869		\$ 59,869
AAA	71,464	\$ 7,380	78,844
AA	395,204	2,153	397,357
A	379,882	18,772	398,654
BBB	298,238	4,410	302,648
BB	10,620		10,620
B	7,529		7,529
CCC	4,933		4,933
CC	3,119		3,119
C	11		11
D	2,076		2,076
Not Rated	219,459	6,667	226,126
Total	\$ 1,452,404	\$ 39,382	\$ 1,491,786

Component Units Credit Quality Ratings of Debt Securities at June 30, 2015

(dollars in thousands)

Investment Type	Aaa	Aa	A	Baa	Ba	B	Caa	D	Unrated	Fair Value
Money Market Funds*	\$ 222								\$ 172,447	\$ 172,669
U.S. Gov't Agency Obligations	78,382	\$ 4,686							4,030	87,098
Corporate Obligations	8,258	16,424	\$ 39,701	\$ 25,294	\$ 536	\$ 89	\$ 40	\$ 28	345	90,715
Municipal Obligations	13	21	21	37	53	10	3		84	242
Bond Mutual Funds	3,847	18,720	1,032	1,015	4,431	224	46	6	6,847	36,168
Total	\$ 90,722	\$ 39,851	\$ 40,754	\$ 26,346	\$ 5,020	\$ 323	\$ 89	\$ 34	\$ 183,753	\$ 386,892

*Includes \$0.2 million of money market funds that are reported with pooled cash and investments.

Concentration of Credit Risk

Concentration of credit risk describes the heightened exposure to loss when a considerable number of investments exist in a single issuer. The State has adopted a principle that governments should provide note disclosure when at least 5 percent of the total government investments are concentrated in any one issuer. Investments in obligations explicitly guaranteed by the U.S. government, mutual funds, and other pooled investments are exempt from disclosure. State statute places no limit on the amount that may be invested in any one issuer.

- The State, the Idaho Potato Commission, and the colleges and universities have not adopted a formal policy to address concentration of credit risk.
- The STO investment policy limits the amount that can

be invested in any one issuer. The policy may be obtained from their website at <http://sto.idaho.gov>.

- The Idaho Housing and Finance Association places no limit on the amount the Association may invest in one issuer.
- The Idaho Individual High Risk Reinsurance Pool's policy provides that no more than 10 percent of the short-term fund balance may be invested in the securities of any one issuer. The policy exempts the following types of investments: obligations of the U.S. government or its agencies, repurchase agreements collateralized by obligations of the U.S. government or its agencies, federally insured certificates of deposit, mutual funds, and money market mutual funds.

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015**

Primary Government and Fiduciary Funds Concentration of Credit Risk at June 30, 2015
(dollars in thousands)

Portfolio	Issuer	Fair Value	Percent of Portfolio Investments
Idaho Potato Commission:	Federal Home Loan Bank	\$ 882	100.0
Idaho State Bar:	Bank of the Cascades	100	5.7
	Federal Home Loan Mortgage Corporation	94	5.4
	Federal National Mortgage Association	95	5.4
STO Pool:	Daiwa	223,513	9.7
	Federal Agriculture Mortgage Corporation	126,076	5.5
	Federal Farm Credit Bank	132,889	5.8
	Federal Home Loan Bank	493,461	21.5
	Federal Home Loan Mortgage Corporation	402,909	17.5
	Federal National Mortgage Association	285,475	12.4
University of Idaho:	Federal Home Loan Mortgage Corporation	5,104	7.0
University of Idaho Health Benefits Trust:	Federal Farm Credit Bank	518	24.0
	Federal Home Loan Banks	761	35.3
	Federal Home Loan Mortgage Corporation	439	20.4
	Federal National Mortgage Association	438	20.3

Component Unit Concentration of Credit Risk at June 30, 2015
(dollars in thousands)

Component Unit	Issuer	Fair Value	Percent of Portfolio Investments
Idaho Housing and Finance Association:	Bayerische Landesbank	\$ 18,628	6.6
	Federal Farm Credit Bank	23,202	8.2
	Federal Home Loan Bank	19,752	7.0
	Federal National Mortgage Association	15,174	5.4
Petroleum Clean Water Trust:	Federal National Mortgage Association	4,894	14.5
Health Reinsurance:	Federal Home Loan Bank	4,237	37.7
	Federal National Mortgage Association	6,512	57.9

Foreign Currency Denominated Investments

Investments denominated in foreign currencies face a potential risk of loss in fair value from changes in currency exchange rates. The following describes the policies related to foreign currency risk for those state entities that have investments denominated in a foreign currency:

- The EFIB investment policy statement permits investing up to 21 percent of the EFIB total investments in international equities. No foreign fixed-income securities are permitted except currency.
- The PERSI investment policy provides individual manager guidelines, which outline at a minimum, a

range of currency exposure. Each portfolio is monitored for currency exposure. Managers are required to report variances.

- The Lewis-Clark State College Foundation investment policy permits investments in equities and debt securities denominated in foreign currencies. The policy limits the investments in international equities to no more than 17.5 percent of the Foundation's total investment portfolio.
- The University of Idaho Foundation investment policy limits the exposure to foreign investment holdings in the portfolio.

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

Endowment Funds Foreign Currency Risk at June 30, 2015
(dollars in thousands)

Currency	Investment Type	Fair Value in U.S. Dollars
Australian Dollar	Equities	\$ 6,315
Brazilian Real	Equities	70
Canadian Dollar	Equities	6,966
Danish Krone	Equities	9,830
Euro	Equities	28,410
Hong Kong Dollar	Equities	27,062
Indonesian Rupiah	Equities	1,088
Israeli Shekel	Equities	805
Japanese Yen	Equities	39,323
Mexican Peso	Equities	2,287
Norwegian Krone	Equities	3,065
Singapore Dollar	Equities	6,153
South African Rand	Equities	3,092
South Korean Won	Equities	1,715
Swedish Krona	Equities	12,284
Swiss Franc	Equities	24,387
U.K. Pound	Equities	43,713
Total		\$ 216,565

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

PERSI Foreign Currency Risk at June 30, 2015

(dollars in thousands)

Currency	Investment Type			Fair Value of Currency in U.S. Dollars
	Short-Term Investments	Equities	Fixed Income	
Australian Dollar	\$ (4,037)	\$ 52,528	\$ 4,084	\$ 52,575
Brazilian Real	128	104,313	1,468	105,909
Canadian Dollar	(754)	33,327	1,810	34,383
Chilean Peso	3	7,793		7,796
Chinese Yuan		34		34
Colombian Peso	36	3,390		3,426
Czech Koruna	1	5,460		5,461
Danish Krone	(15)	24,540		24,525
Egyptian Pound	143	2,165		2,308
Euro	(13,664)	580,968	9,177	576,481
Hong Kong Dollar	2,170	422,465		424,635
Hungarian Forint		3,131		3,131
Indonesian Rupiah	26	15,760		15,786
Israeli Shekel	53	11,974		12,027
Japanese Yen	1,496	389,058		390,554
Kenyan Shilling	(1,214)	1,750		536
Malaysian Ringgit	136	29,708		29,844
Mexican New Peso	(7,268)	40,500	12,296	45,528
Moroccan Dirham		349		349
New Taiwan Dollar	281	136,758		137,039
New Turkish Lira	67	29,335		29,402
New Zealand Dollar	6	657		663
Norwegian Krone	48	4,767		4,815
Philippine Peso	20	11,180		11,200
Polish Zloty	(5,162)	10,585	5,249	10,672
Russian New Ruble	6	18,050		18,056
Singapore Dollar	5	35,338		35,343
South African Rand	188	94,911		95,099
South Korean Won	(117)	216,842		216,725
Sri Lanka Rupee		389		389
Swedish Krona	12	45,291		45,303
Swiss Franc	1,800	155,597		157,397
Thai Baht	(24)	30,845		30,821
U.K. Pound	(5,164)	501,982	5,670	502,488
Total	\$ (30,794)	\$ 3,021,740	\$ 39,754	\$ 3,030,700

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

College and University Foundations
Foreign Currency Risk at June 30, 2015
(dollars in thousands)

Currency	Investment Type	Fair Value in U.S. Dollars
Australian Dollar	Equities	\$ 1,823
Brazilian Real	Equities	1,058
Canadian Dollar	Equities	335
Chilean Peso	Equities	181
Chinese Yuan	Equities	2,370
Colombian Peso	Equities	44
Czech Koruna	Equities	44
Danish Krone	Equities	61
Egyptian Pound	Equities	1
Euro	Equities	4,103
Hong Kong Dollar	Equities	3,776
Hungarian Forint	Equities	74
Indian Rupee	Equities	1,114
Indonesian Rupiah	Equities	308
Israeli Shekel	Equities	90
Japanese Yen	Equities	2,959
Korean Won	Equities	1,804
Malaysian Ringgit	Equities	444
Mexican Peso	Equities	709
New Zealand Dollar	Equities	17
Norwegian Krone	Equities	71
Philippine Peso	Equities	164
Polish Zloty	Equities	241
Peruvian Nuevo Sol	Equities	1
Russian Ruble	Equities	341
Singapore Dollar	Equities	1,486
South African Rand	Equities	1,011
South Korean Won	Equities	37
Swedish Krona	Equities	712
Swiss Franc	Equities	3,299
Taiwan Dollar	Equities	1,811
Thai Baht	Equities	357
Turkish Lira	Equities	209
United Arab Emirates Dirham	Equities	2
U.K. Pound	Equities	6,894
Total		\$ 37,951

Debt Investments with Terms That May Cause the Fair Value to Be Highly Sensitive To Interest Rate Changes

Mortgage-Backed Securities have a return based on the cash flows from interest and principal payments on the underlying mortgages. As a result, they are sensitive to prepayments, which are likely to occur in declining interest rate environments. To the extent possible, this prepayment risk is reflected in the interest rate risk of the portfolios by using the weighted average method to calculate interest rate risk for long-term investments and the modified duration method used by the EFIB and the PERSI.

Treasury Inflation Protected Securities (TIPS) are fixed-income securities issued by the U.S. Treasury that pay a

fixed coupon rate plus an adjustment for subsequent inflation. The Endowment Funds had investments in TIPS with a fair value of \$80.1 million, and the PERSI had investments in TIPS with a fair value of \$1.5 billion.

The Idaho Housing and Finance Association has four U.S. agency obligations with an aggregate value of \$25.0 million with call options. The Association is invested in pay-fixed, receive-variable interest rate swaps with notional amounts totaling \$5.9 million, and fair value of negative \$0.9 million. The Association pays fixed rate payments between 3.730 percent and 5.548 percent and receives variable rate payments based on the Securities Industry and Financial Markets Association (SIFMA) and the London Interbank Offered Rate (LIBOR) indices.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

Repurchase Agreements

Repurchase agreements are purchases of securities with simultaneous agreements to resell those same securities in the future at a higher price.

The Idaho Housing and Finance Association invests excess cash overnight in repurchase agreements that are held in the Association's account in the name of the bank and are collateralized by the U.S. government and agency obligations. The Association had repurchase agreements of \$8.4 million with Wells Fargo Bank.

Securities Lending Agreements

Securities lending agreements are transfers of securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. Legislation passed in fiscal year 2014 prohibits new securities lending agreements and requires an orderly program to terminate current security lending agreements. A securities lending agent manages the securities lending program. During the year, the agent lent securities for cash collateral. The investments are collateralized at no less than 102 percent of the fair value. The securities lending agreement requires daily monitoring of the fair

value of securities lent and collateral received with additional collateral obtained as necessary to meet margin requirements. The cash collateral received is held in a separate account in the name of the STO. The STO is indemnified for loss due to default on the part of the borrowers and failure to maintain the daily mark-to-market on the loans. At year-end, the STO pool portfolio had no credit risk exposure to borrowers because the collateral exceeded the amount borrowed. No restrictions exist on the amount of loans that can be made. Either the State or the borrower can cancel all securities loans upon demand. Generally the average term of these loans is under ten days. The cash collateral received is invested by the agent in marketable securities of varying terms with maturities ranging between one day and three years. As of June 30, 2015, more than 37 percent of the portfolio was invested in instruments with a one-day maturity or less and the weighted average maturity of the cash collateral portfolio was 43 days.

Idaho Code Section 67-1210B requires an orderly program to terminate securities lending. The STO will begin discontinuing securities lending in the IDLE pool during fiscal year 2016.

Primary Government and Fiduciary Funds Balances of Securities Lending Transactions at June 30, 2015 (dollars in thousands)

	Fair Value of Lent Securities	Cash Collateral Received for Lent Securities
Securities Lent for Cash Collateral		
U.S. Treasury Obligations	\$ 158,153	\$ 162,039
U.S. Gov't Agency Obligations	162,458	165,775
Total	\$ 320,611	\$ 327,814

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

C. Restricted Assets

A portion of cash and investments are classified as restricted assets for governmental activities, business-type activities, and component units on the Statement of

Net Position. The breakout of purpose and amount are as follows:

Primary Government and Component Units
Restricted Assets at June 30, 2015
(dollars in thousands)

Purpose	Amount
<u>Governmental Activities:</u>	
Restricted Cash:	
Bond Covenants	\$ 340
Debt Service	43,914
Donations for Various Projects	6,485
Group Insurance Reserves	24,281
Juvenile Corrections Social Security Benefits	667
Legislation and Donations	7,037
Matching Fund Contributions	14,706
Millennium Permanent Endowment Fund	1,141
Petroleum Violation Escrow	3,765
Pollution Clean Up	8,412
The Idaho State Bar Client Assistance Fund	749
Restricted Investments:	
Debt Service	1,762
Donations for Various Projects	5,623
Legal Settlements	73,647
Legislation and Donations	8,566
Millennium Permanent Endowment Fund	236,121
Pollution Clean Up	18,263
Total Governmental Activities	\$ 455,479
<u>Business-Type Activities:</u>	
Restricted Cash:	
Bond Indentures	\$ 57,625
Debt Service	553
Idaho Lottery Dividends Payout	43,632
Wastewater Facility Loan Program and Drinking Water Systems Loan Program	40,324
Restricted Investments:	
Wastewater Facility Loan Program and Drinking Water Systems Loan Program	114,794
Total Business-Type Activities	\$ 256,928
<u>Component Units:</u>	
Restricted Cash:	
Donations for the College and University Foundations	\$ 16,061
Bond Indentures and Escrow and Reserve Deposits	27,468
Restricted Investments:	
Donations for the College and University Foundations	283,922
Total Component Units	\$ 327,451



Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

NOTE 3. DERIVATIVE INSTRUMENTS

Derivative instruments are often complex financial arrangements used by governments to manage specific risks or to make investments.

Primary Government

The Idaho State Building Authority entered into a pay-fixed interest rate contract as a cash flow hedge. The

interest rate contract is determined to be an effective hedge and is reported at fair value of negative \$5.5 million on the government-wide Statement of Net Position in deferred outflows of resources and in liabilities. The decrease in the liability of the hedge for fiscal year 2015 was \$0.6 million. The Authority contract has the following objectives and terms:

Type	Objective	Notional Amount (in thousands)	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
Pay-fixed interest rate contract	Hedge of changes in cash flows on the 2008 Series A bonds	\$ 33,770	12/1/2008	9/1/2025	Pay 4.3%; receive 67% of 1-month LIBOR rate	A-2/A-

The Authority is exposed to credit risk on the interest rate contract that could potentially be in an asset position.

The Authority is exposed to interest rate risk on the interest rate contract. As the one-month LIBOR Index rate decreases, the Authority's net payment on the interest rate contract increases.

The Authority is exposed to basis risk on the interest rate contract because the variable-rate payments received by the Authority on this hedging instrument are based on a rate or index other than interest rates the Authority pays on its hedged variable-rate debt, which is currently remarketed every seven days. As of June 30, 2015, the interest rate on the Authority's hedged variable-rate debt was 0.082 percent while 67 percent of the one-month LIBOR was 0.0125 percent.

The Authority or its counterparty may terminate the interest rate contract if the other party fails to perform under the terms of the contract. In addition, the Authority may terminate at any time. If at the time of termination the interest rate contract is in a liability

position, the Authority would be liable to the counterparty for a payment equal to the liability.

Component Units

The Idaho Housing and Finance Association has entered into multiple interest rate swap agreements to reduce the Association's overall cost of borrowing long-term capital and protect against the risk of rising interest rates. The fair value of the swaps was a negative \$73.8 million and reported in other accrued liabilities on the Statement of Net Position. The Association has determined that a substantial portion of its interest rate swaps effectively hedge against changes in variable interest rates. Changes in fair value for hedge swaps are reported on the Statement of Net Position as deferred outflows of resources of \$69.0 million and deferred inflows of resources of \$0.1 million. A portion of the interest rate swaps are considered non-effective for hedging purposes and are reported in the Statement of Revenues, Expenses, and Changes in Net Position at negative \$0.9 million. The Association has the following interest rate swap agreements:

Idaho Housing and Finance Association - Hedging Derivative Instruments							
Interest Rate Swap Agreements at June 30, 2015							
(dollars in thousands)							
Series	Notional Amount	Fair Value	Change in Fair Value	Inception Date	Termination Date	Terms	
						Fixed Rate Paid	Variable Rate Received
2003 Series A	\$ 6,720	\$ (1,062)	\$ 81	11/6/2008	1/1/2026	4.52%	SIFMA+ .20% (LIBOR < 3.5%)/68% LIBOR
2003 Series B	5,595	(673)	(34)	11/6/2008	7/1/2024	4.04%	SIFMA+ .20%
2003 Series C	3,845	(442)	45	11/6/2008	1/1/2025	3.78%	SIFMA+ .20%
2003 Series D	4,935	(847)	(151)	11/6/2008	7/1/2025	4.84%	SIFMA+ .20%
2003 Series E	5,830	(910)	28	11/6/2008	7/1/2025	4.53%	SIFMA+ .20%

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

Series	Notional Amount	Fair Value	Change in Fair Value	Inception Date	Termination Date	Terms	
						Fixed Rate Paid	Variable Rate Received
2004 Series A	\$ 5,735	\$ (769)	\$ 27	11/7/2008	1/1/2026	4.03%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2004 Series B	6,480	(1,025)	(1)	11/7/2008	1/1/2027	4.37%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2004 Series C	6,750	(999)	121	11/7/2008	7/1/2025	4.33%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2004 Series D	7,705	(1,074)	(48)	11/7/2008	1/1/2028	3.85%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2005 Series A	8,745	(1,282)	31	11/7/2008	1/1/2029	3.90%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2005 Series D	8,460	(1,213)	(33)	11/7/2008	7/1/2028	3.87%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR
2005 Series E	8,960	(1,328)	19	11/7/2008	1/1/2029	3.93%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR
2005 Series B	8,550	(1,283)	45	11/7/2008	7/1/2028	3.99%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2005 Series C	8,675	(1,171)	24	11/7/2008	7/1/2028	3.73%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2005 Series F	9,295	(1,484)	28	11/7/2008	1/1/2029	4.10%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR
2006 Series A	8,960	(1,479)	13	11/7/2008	1/1/2029	4.10%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR
2006 Series B	6,365	(962)	106	11/7/2008	7/1/2025	4.35%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR
2006 Series C	6,150	(927)	107	11/7/2008	1/1/2025	4.36%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR
2006 Series D	7,175	(1,113)	131	11/7/2008	1/1/2025	4.45%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR
2007 Series D	11,755	(1,558)	177	12/20/2012	1/1/2026	4.89%	LIBOR+.71%
2007 Series E	14,255	(1,891)	238	12/20/2012	7/1/2025	4.94%	LIBOR+.71%
2007 Series F	17,775	(2,635)	370	12/20/2012	1/1/2025	5.28%	LIBOR+.71%
2007 Series G	25,000	(4,450)	192	12/20/2012	7/1/2028	5.39%	LIBOR+.76%
2007 Series H	30,000	(5,369)		12/20/2012	7/1/2030	5.20%	LIBOR+.76%
2007 Series I	21,000	(3,403)	111	12/20/2012	7/1/2028	5.14%	LIBOR+.76%
2007 Series J	26,250	(4,188)	131	12/20/2012	7/1/2028	5.10%	LIBOR+.76%
2007 Series K	23,785	(3,520)	53	12/20/2012	7/1/2030	4.93%	LIBOR+.76%
2006 Series E	8,255	(1,344)	165	11/22/2013	1/1/2026	5.55%	One-month LIBOR + .80%
2006 Series F	8,405	(1,269)	150	11/22/2013	1/1/2026	5.32%	One-month LIBOR + .80%
2006 Series G	8,300	(1,194)	141	11/22/2013	7/1/2026	5.20%	One-month LIBOR + .80%
2007 Series A	8,650	(1,386)	135	11/22/2013	7/1/2026	5.37%	One-month LIBOR + .80%
2007 Series B	9,860	(1,495)	141	11/22/2013	1/1/2027	5.22%	One-month LIBOR + .80%
2007 Series C	10,390	(1,639)	152	11/22/2013	1/1/2027	5.31%	One-month LIBOR + .80%
2008 Series A	23,785	(3,759)	84	11/22/2013	7/1/2030	5.12%	One-month LIBOR + .80%
2008 Series B	20,590	(3,000)	145	11/22/2013	7/1/2029	4.98%	One-month LIBOR + .80%
2008 Series C	14,125	(1,953)	212	11/22/2013	7/1/2026	5.05%	One-month LIBOR + .80%
2008 Series D	5,295	(654)	65	11/22/2013	7/1/2026	4.77%	One-month LIBOR + .80%
2000 Series F	2,345	(182)	139	11/6/2008	1/1/2018	5.30%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2000 Series G	6,775	(1,007)	266	11/6/2008	7/1/2021	5.25%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2001 Series A	3,960	(404)	167	11/6/2008	1/1/2020	4.76%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2001 Series B	4,380	(490)	182	11/6/2008	7/1/2020	4.87%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2001 Series C	4,250	(465)	179	11/6/2008	7/1/2020	4.86%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2001 Series D	6,605	(896)	217	11/6/2008	7/1/2022	4.73%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2001 Series E	6,605	(847)	203	11/6/2008	7/1/2022	4.53%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2001 Series F	4,515	(511)	172	11/6/2008	1/1/2021	4.70%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2002 Series A	4,680	(591)	193	11/6/2008	1/1/2021	5.02%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2002 Series B	4,720	(586)	190	11/6/2008	1/1/2021	4.95%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2002 Series C	4,750	(575)	189	11/6/2008	1/1/2021	4.89%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2002 Series D	6,925	(922)	231	11/6/2008	7/1/2022	4.71%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2002 Series E	4,730	(526)	164	11/6/2008	7/1/2021	4.48%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2002 Series F	4,615	(502)	90	11/6/2008	1/1/2024	3.79%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2002 Series G	4,615	(570)	111	11/6/2008	1/1/2024	4.14%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
	<u>\$496,875</u>	<u>\$ (73,824)</u>	<u>\$ 5,894</u>				

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

Idaho Housing and Finance Association - Investment Derivative Instruments
Interest Rate Swap Agreements at June 30, 2015
(dollars in thousands)

Series	Notional Amount	Fair Value	Change in Fair Value	Inception Date	Termination Date	Terms	
						Fixed Rate Paid	Variable Rate Received
2003 Series A	\$ 350	\$ (56)	\$ 7	11/6/2008	1/1/2026	4.52%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2003 Series B	1,105	(133)	20	11/6/2008	7/1/2024	4.04%	SIFMA+.20%
2003 Series D	1,460	(250)	27	11/6/2008	7/1/2025	4.84%	SIFMA+.20%
2003 Series E	565	(88)	(9)	11/6/2008	7/1/2025	4.53%	SIFMA+.20%
2004 Series A	770	(103)	(35)	11/7/2008	1/1/2026	4.03%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2004 Series B	610	(98)	9	11/7/2008	1/1/2027	4.37%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2004 Series D	655	(92)	3	11/7/2008	1/1/2028	3.85%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2005 Series D	350	(50)	1	11/7/2008	7/1/2028	3.87%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR
	\$ 5,865	\$ (870)	\$ 23				

The Association was not exposed to credit risk on any outstanding swaps due to their negative fair values. The Association's counterparty has a current rating of A.

All but twenty-two of the Association's swaps have a dual basis: the SIFMA Index plus 20 basis points when the one-month LIBOR Index is less than either 3.5 percent or 4 percent (depending on the bond series) and 68 percent of the LIBOR Index when the LIBOR Index is 3.5 percent or greater. Four non-dual basis swaps have a basis of the SIFMA Index plus 20 basis points and one has a basis of the LIBOR Index plus 71 or 76 basis points (depending on the maturity date). The Association is exposed to basis risk on dual basis swaps when variable payments received are based on the LIBOR Index and do not offset the variable-rate paid on bonds, which is based on the SIFMA Index. On June 30, 2015, the SIFMA Index was 7 basis points and the one-month LIBOR Index was 16 basis points.

Rollover risk relates to a mismatch in the amortization of the swaps with the amortization of the variable-rate bonds. The Association has structured its debt such that not all variable debt is matched by interest rate swaps and calls certain variable-rate bonds independent of the expiration of the associated interest rate swap. This exposes the Association to the risk of incurring a higher interest expense than it might otherwise incur. Swap notional amounts no longer associated with variable-rate debt are reported as investment derivatives.

The Association or Barclays Capital may terminate an interest rate swap if the other party fails to perform under the terms of the contract. If any of the swaps are terminated, the associated variable-rate bonds would no longer carry synthetic fixed interest rates and the Association would be exposed to changing interest rates and incurring interest rate risk. The risk may be offset by

identifying a suitable counterparty willing to enter into identical swap contracts at the termination date.

During fiscal year 2014, the Association redeemed and reissued as the 2013A bonds, the remaining 2006 indenture variable rate demand obligations. The refunding exchanged variable rate demand obligations with indexed floating rate obligations, eliminating liquidity and remarketing risks associated with the refunded bonds. The Governmental Accounting Standards Board (GASB) Statement No. 53 deems this event a terminating event, such that the fair value presented in the deferred outflows of resources at the time of termination be amortized over the life of the new issue. The manner of the restructuring resulted in a present value gain to the Association of \$0.1 million and did not substantively change the Association's position with its counter party.

The Association redeemed and reissued as the 2014A bonds the 2000 indenture variable rate demand obligations. Though the terms of the swap contracts were not modified, the redemption and reissue did create a deemed terminating event of the swap contracts, which requires that the value of the deferred outflow of resources at the date of reissuance be amortized to interest expense.

The deemed terminating event also created a deemed borrowing, the result of higher off-market contractual fixed rates paid to the Association's counterparty compared to the market rate required at the time of the defeasance and reissuance. These borrowings are amortized and credited to interest expense over the life of the swap contracts. The requirements of the accounting standard result in a dual presentation of the deferred outflows of resources at both amortized and fair values and the presentation in the deferred inflows of resources of an amount that reflects the change in the fair value of

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015**

the modified contracts during the fiscal years. Interest rate swap contracts fair value defers the fair value of effectively hedged swap contracts at June 30, 2015. The fair value of effectively hedged swap positions are fully matched and deferred with this offsetting position.

Interest rate swap contracts amortized value defers the amortizing value of an implicit borrowing position created upon the refunding of variable rate debt associated with swap contracts. At the time of refunding, the swap contracts' fair value became the historical cost basis, which is amortized over the life of the swap contracts. The amortized borrowing value is fully matched and deferred with this offsetting position.

Since the current fair value of the swap contracts differ from the amortized value of the borrowing at June 30, 2015, the Association has elected to report the swap contracts' current fair value to demonstrate the full economic liability to its counterparty. The difference

between current fair and amortized value is reported as a gain or loss in the Statement of Revenues, Expenses, and Changes in Net Position. This effectively results in an historical cost position being reported at current fair value. The Association matches the duration of its swap contracts with the variable debt maturity, and therefore, does not anticipate this difference ever to be realized as a loss.

The Association entered into 34 "To Be Announced" (TBA) forward contracts in order to lock in the sales price for the securitization of qualified first mortgage single-family loans. The Association periodically enters into forward contracts to sell Government National Mortgage Association (GNMA) Mortgage Backed Securities to investors before the securities are ready for delivery. These contracts are considered investment derivatives and hedge the interest rate risk for loan commitments made to originating mortgage lenders.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

Idaho Housing and Finance Association - Investment Derivative Instruments

TBA Forward Contracts at June 30, 2015

(dollars in thousands)

Contract	Notional Amount	Fair Value	Coupon Rate	Counterparty Credit Rating
April 2015	\$ 5,000	\$ 112	3.00%	Aaa
April 2015	5,000	65	3.50%	Aaa
April 2015	5,000	94	3.00%	Aaa
April 2015	5,000	94	3.00%	Aaa
April 2015	5,000	65	3.50%	Aaa
April 2015	5,000	69	3.00%	Aaa
April 2015	5,000	63	3.00%	Aaa
April 2015	5,000	54	3.50%	Aaa
April 2015	5,000	64	3.00%	Aaa
May 2015	5,000	36	3.00%	Aaa
May 2015	5,000	19	3.00%	Aaa
May 2015	10,000	75	3.00%	Aaa
May 2015	5,000	35	3.50%	Aaa
May 2015	5,000	36	3.00%	Aaa
May 2015	5,000	47	3.50%	Aaa
May 2015	5,000	18	4.00%	Aaa
May 2015	10,000	77	3.00%	Aaa
May 2015	10,000	115	3.00%	Aaa
May 2015	5,000	42	3.50%	Aaa
June 2015	5,003	(19)	3.00%	Aaa
June 2015	10,000	41	3.00%	Aaa
June 2015	5,000	(10)	3.50%	Aaa
June 2015	5,000	(15)	4.00%	Aaa
June 2015	5,000	(6)	3.00%	Aaa
June 2015	5,000	(14)	3.00%	Aaa
June 2015	5,000	(14)	3.50%	Aaa
June 2015	5,000	(37)	3.50%	Aaa
June 2015	5,000	(21)	4.00%	Aaa
June 2015	5,000	(11)	3.50%	Aaa
June 2015	5,000	(5)	3.50%	Aaa
June 2015	5,000	(9)	3.50%	Aaa
June 2015	5,000	(10)	4.00%	Aaa
June 2015	10,000	15	3.50%	Aaa
June 2015	5,000	(6)	3.00%	Aaa
	<u>\$ 195,003</u>	<u>\$ 1,059</u>		



Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

NOTE 4. INTRAENTITY TRANSACTIONS

A. Interfund Balances

Interfund balances consist of the following receivables and payables (*dollars in thousands*):

	Interfund Payables							Total
	General Fund	Health and Welfare	Transportation	Nonmajor Governmental	College and University	Nonmajor Enterprise	Pension Trust	
General Fund		\$ 35,567	\$ 211	\$ 330	\$ 302	\$ 5,020		\$ 41,430
Health and Welfare			109	23				132
Transportation	\$ 1			17				18
Nonmajor Governmental	59	88	255	345		325		1,072
College and University	2,946	1,715	66	1,064				5,791
Unemployment Compensation	148							148
Nonmajor Enterprise	15	68	210	7				300
Internal Service	90	377	144	81	27			719
Pension Trust							\$ 1,716	1,716
Total	\$ 3,259	\$ 37,815	\$ 995	\$ 1,867	\$ 329	\$ 5,345	\$ 1,716	\$ 51,326

Interfund receivables and payables generally consist of short-term receivables and payables for goods and services provided by one individual fund within the State to another and for certain statutorily required transfers due at year-end. Most balances result from the time lag between the dates that:

- 1) Interfund goods and services are provided or reimbursable expenditures occur.
- 2) Transactions are recorded in the accounting system.
- 3) Payments between funds are made.

B. Interfund Transfers

Interfund transfers for the fiscal year were as follows (*dollars in thousands*):

	Transfers In						Total
	General Fund	Health and Welfare	Nonmajor Governmental	College and University	Loan	Internal Service	
General Fund		\$ 620,121	\$ 23,047	\$ 287,621		\$ 2,738	\$ 933,527
Health and Welfare	\$ 9,142		423				9,565
Transportation	25		16,617				16,642
Land Endowments	39,550			12,528			52,078
Nonmajor Governmental	68,956	3,475	1,467	100	\$ 2,640		76,638
College and University	272						272
Unemployment Compensation			7,845				7,845
Loan	716		838				1,554
Nonmajor Enterprise	75,650	2,730	1,142				79,522
Internal Service	206						206
Total	\$ 194,517	\$ 626,326	\$ 51,379	\$ 300,249	\$ 2,640	\$ 2,738	\$ 1,177,849

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

Interfund transfers are primarily performed for two reasons:

- 1) Taxes, fees, penalties, earnings, and other revenues are transferred from the agencies that initially collect them (such as the Tax Commission) to the General Fund and other funds as dictated by state law.
- 2) Revenues are transferred from the fund that is statutorily required to collect them to the fund that has budgetary authorization to spend them.

During fiscal year 2015 the following nonroutine transfers were made:

- \$1.0 million from the General Fund to the Constitutional Defense Fund to support Legislative Council activities.
- \$159.3 million from the General Fund to the State Stabilization funds: \$83.0 million for the Budget Stabilization Fund and \$21.5 million for the Public Education Stabilization Fund.
- \$54.8 million from the General Fund to the Strategic Initiatives Program Fund to fund transportation projects.

C. Significant Transactions with Related Parties

The primary government had the following transactions with the Idaho Housing and Finance Association (IHFA):

- The Transportation fund has notes payable in the amount of \$618.7 million to the IHFA for bonds issued on their behalf for transportation infrastructure projects.
- The Unemployment Compensation fund has notes payable to the IHFA in the amount of \$50.1 million for bonds issued in 2011 on their behalf to repay loans from the federal government related to Unemployment Insurance Trust fund shortfalls.

The Housing Company, a component unit of the IHFA, owes the IHFA \$9.0 million for notes payable secured by real property.

Boise State University (BSU) leases a building from the BSU Foundation (BSUF); the remaining lease payments total \$0.8 million. At the expiration of the lease, the BSUF will either donate the building or continue to lease the building for \$1 per year.

During fiscal year 2015 the college and university foundations distributed \$43.6 million to the respective colleges and universities for support of academic and athletic programs.

The State purchased workers compensation insurance coverage from the State Insurance Fund, a related party, in the amount of \$10.3 million during the fiscal year.

NOTE 5. NONCURRENT RECEIVABLES

The Accounts Receivable, Taxes Receivable, Due from Other Entities, Due from Primary Government, and Loans, Notes, and Pledges Receivable line items on the government-wide Statement of Net Position contain aggregated current and noncurrent receivable balances net

of allowances for doubtful accounts. The following tables disaggregate the noncurrent receivables balances for the primary government and component units.

Noncurrent interfund receivables are discussed in Note 4.

Noncurrent Receivables - Primary Government					
(dollars in thousands)					
	Governmental Activities			Business-Type Activities	
	General Fund	Trans- portation	Nonmajor Governmental	College and University	Loan
Accounts Receivable	\$ 95		\$ 6,023		
Taxes Receivable	215,613	\$ 4	3		
Due from Other Entities			32		
Loans and Notes Receivable	790	318	3,151	\$ 21,934	\$ 322,760
Total Noncurrent Receivables	216,498	322	9,209	21,934	322,760
Less: Allowance for Doubtful Accounts					
Accounts Receivable	(52)		(2,861)		
Taxes Receivable	(1,758)				
Loans and Notes Receivable				(2,750)	
Total Noncurrent Receivables, Net	\$ 214,688	\$ 322	\$ 6,348	\$ 19,184	\$ 322,760

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

Noncurrent Receivables - Component Units (dollars in thousands)			
	Idaho Housing and Finance Association	College and University Foundation	Idaho Bond Bank Authority
Due from Primary Government	\$ 619,533		
Pledges Receivable		\$ 11,354	
Loans and Notes Receivable	700,444	340	\$ 398,004
Total Noncurrent Receivables	1,319,977	11,694	398,004
Less: Allowance for Doubtful Accounts			
Loans and Notes Receivable	(5,854)		
Pledges Receivable		(1,000)	
Total Noncurrent Receivables, Net	\$ 1,314,123	\$ 10,694	\$ 398,004

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year is as follows (dollars in thousands):

Primary Government	Balances at July 1, 2014 As Restated*	Increases	Decreases	Balances at June 30, 2015
Governmental Activities:				
Capital Assets not Being Depreciated:				
Land and Land Use Rights	\$ 1,068,101	\$ 7,416	\$ (1,030)	\$ 1,074,487
Capital Assets in Progress	947,310	225,465	(138,417)	1,034,358
Infrastructure	2,563,915	96,293	(6,189)	2,654,019
Historical Art and Collections	122			122
Total Capital Assets not Being Depreciated	4,579,448	329,174	(145,636)	4,762,986
Capital Assets Being Depreciated:				
Buildings and Improvements	959,944	26,619	(61)	986,502
Improvements Other Than Buildings	104,676	8,471	(179)	112,968
Machinery, Equipment, and Other	586,414	71,481	(39,669)	618,226
Infrastructure	1,027,293	7,740	(132)	1,034,901
Total Capital Assets Being Depreciated	2,678,327	114,311	(40,041)	2,752,597
Less Accumulated Depreciation for:				
Buildings and Improvements	(365,514)	(22,228)	36	(387,706)
Improvements Other Than Buildings	(40,378)	(5,350)	170	(45,558)
Machinery, Equipment, and Other	(349,000)	(53,173)	25,085	(377,088)
Infrastructure	(235,127)	(14,405)	131	(249,401)
Total Accumulated Depreciation	(990,019)	(95,156)	25,422	(1,059,753)
Total Capital Assets Being Depreciated, Net	1,688,308	19,155	(14,619)	1,692,844
Governmental Activities Capital Assets, Net	\$ 6,267,756	\$ 348,329	\$ (160,255)	\$ 6,455,830

* Beginning balances were restated due to prior period adjustments.

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015**

Depreciation expense was charged to functions of governmental activities as follows (*dollars in thousands*):

Governmental Activities:	
General Government	\$ 14,052
Public Safety and Correction	9,948
Health and Human Services	20,834
Education	4,034
Economic Development	32,616
Natural Resources	12,067
In addition, depreciation on capital assets held by the State's internal service funds is charged to the various functions based on their usage of the assets	1,605
Total Accumulated Depreciation Increase for Governmental Activities	\$ 95,156

	Balances at July 1, 2014 as Restated*	Increases	Decreases	Balances at June 30, 2015
Business-Type Activities:				
Capital Assets not Being Depreciated:				
Land and Land Use Rights	\$ 126,685	\$ 4,121	\$ (1,990)	\$ 128,816
Capital Assets in Progress	16,969	17,663	(13,548)	21,084
Historical Art and Collections	2,333	15		2,348
Total Capital Assets not Being Depreciated	145,987	21,799	(15,538)	152,248
Capital Assets Being Depreciated:				
Buildings and Improvements	1,420,699	15,749	(1,056)	1,435,392
Improvements Other Than Buildings	69,821	3,424		73,245
Machinery, Equipment, and Other	435,410	29,414	(11,879)	452,945
Total Capital Assets Being Depreciated	1,925,930	48,587	(12,935)	1,961,582
Less Accumulated Depreciation for:				
Buildings and Improvements	(509,715)	(38,035)	714	(547,036)
Improvements Other Than Buildings	(39,467)	(2,741)		(42,208)
Machinery, Equipment, and Other	(332,485)	(27,140)	10,905	(348,720)
Total Accumulated Depreciation	(881,667)	(67,916)	11,619	(937,964)
Total Capital Assets Being Depreciated, Net	1,044,263	(19,329)	(1,316)	1,023,618
Business-Type Activities Capital Assets, Net	\$ 1,190,250	\$ 2,470	\$ (16,854)	\$ 1,175,866

* Beginning balances were restated due to prior period adjustments.

Interest incurred during construction is capitalized in enterprise funds. The total cost of interest incurred during the fiscal year was \$20.1 million. Of that \$0.4 million was capitalized.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

Component Units:	Balances at July 1, 2014	Increases	Decreases	Balances at June 30, 2015
Capital Assets not Being Depreciated:				
Land	\$ 6,392	\$ 1,821	\$ (19)	\$ 8,194
Capital Assets in Progress	7,945	1,615	(7,483)	2,077
Intangible Assets	12			12
Total Capital Assets not Being Depreciated	14,349	3,436	(7,502)	10,283
Capital Assets Being Depreciated:				
Buildings and Improvements	68,448	2,400	(432)	70,416
Improvements Other Than Buildings	263	39		302
Machinery, Equipment, and Other	11,407	30,497	(707)	41,197
Total Capital Assets Being Depreciated	80,118	32,936	(1,139)	111,915
Less Accumulated Depreciation for:				
Buildings and Improvements	(35,971)	(2,915)	367	(38,519)
Improvements Other Than Buildings	(225)	(7)		(232)
Machinery, Equipment, and Other	(6,523)	(4,921)	53	(11,391)
Total Accumulated Depreciation	(42,719)	(7,843)	420	(50,142)
Total Capital Assets Being Depreciated, Net	37,399	25,093	(719)	61,773
Component Unit Activities Capital Assets, Net	\$ 51,748	\$ 28,529	\$ (8,221)	\$ 72,056

NOTE 7. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

The Deferred Outflows of Resources and Deferred Inflows of Resources line items on the government-wide Statement of Net Position contain aggregated types of deferrals. The following tables disaggregate the deferrals for the primary government and component units.

Deferred Inflows of Resources amounts on the governmental fund statements represent unavailable revenue.

See Note 3 for further details regarding derivative-related deferrals and Note 8 for pension-related deferrals.

A. Deferred Outflows of Resources (dollars in thousands)

	Primary Government		Component
	Governmental Activities	Business-Type Activities	Units
Debt Defeasance	\$ 4,887	\$ 7,504	
Hedging Derivatives			
Interest Rate Swap Contracts - Amortized			\$ 43,098
Interest Rate Swap Contracts - Fair Value	5,468		25,909
Pension-Related			
Contributions Subsequent to Measurement Date	67,703	13,597	
Deferred Outflows	15,763	2,655	
Total Deferred Outflows of Resources	\$ 93,821	\$ 23,756	\$ 69,007

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

B. Deferred Inflows of Resources (dollars in thousands)

	Primary Government		Component Units
	Governmental Activities	Business-Type Activities	
Debt Defeasance		\$ 25	
Hedging Derivatives			\$ 54
Nonexchange Transactions		994	
Proportionate Share of			
Total Pension-Related Deferred Inflows	\$ 214,263	43,910	
Total Deferred Inflows of Resources	\$ 214,263	\$ 44,929	\$ 54

NOTE 8. PENSION PLANS

A. Summary of Plans Administered by the Public Employee Retirement System of Idaho

General

The Public Employee Retirement System of Idaho (PERSI) administers the PERSI Base Plan, the Judges' Retirement Fund (JRF), the Firefighters' Retirement Fund (FRF), and two defined contribution retirement plans. A retirement board appointed by the Governor and confirmed by the State Senate manages the PERSI, which includes selecting the funding agents, establishing funding policy, and setting contribution rates. The PERSI issues a publicly available financial report that includes financial statements and required supplementary information. (http://www.persi.idaho.gov/investments/annual_financial_report.cfm). The PERSI also provides a 'Schedule of Employer Allocations and Collective Pension Amounts' for the Base Plan and the FRF. (<http://www.persi.idaho.gov/employers/GASB.cfm>)

Summary of Significant Accounting Policies

The PERSI basic financial statements are prepared using the economic resource measurement focus and accrual basis of accounting. Employee and employer contributions are recognized as additions to net position when due and receivable; investment income is recognized when earned; and benefit payments, refunds, and other expenses are recorded when the benefits are due and payable in accordance with the plans' terms.

Investments are presented at fair value. Purchases and sales are recorded at the trade date. The fair value of investments is based on published market prices and quotations from major investment brokers when available. Mortgages have been valued on the basis of their future principal and interest payments discounted at prevailing interest rates for similar instruments of matching duration.

The fair value of longer-term real estate investments has been estimated based on the PERSI's consultant assessments and/or independent appraisals. Short-term investments are reported at market value when published market prices and quotations are available, or at cost plus accrued interest, which approximates market value. Investments of the PERSI Base Plan, JRF, and FRF are pooled for investment purposes.

Actuarial Assumptions

The last actuarial valuation was performed as of June 30, 2014, for the Base Plan and FRF; and as of July 1, 2015, for the JRF.

The entry age normal cost method and the following actuarial assumptions applied to all periods included in the measurement:

	Base Plan	JRF
Inflation	3.25%	3.25%
Salary Increases	4.5-10.25%	3.75%
Salary Inflation	3.75%	3.75%
Investment Rate of Return	7.10%	7.10%
(Net of pension plan investment expense)		
Cost of Living Adjustments	1.0%	

Mortality Rates

Actuarial assumptions were based on an experience study performed in 2012 for the period July 1, 2007, through June 30, 2011; the study reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009, through June 30, 2013.

Mortality rates were based on the RP-2000 combined table for healthy males or females as appropriate with the following offsets:

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

- Set back three years for teachers (Base Plan)
- No offset for male fire and police (Base Plan)
- Forward one year for female fire and police (Base Plan)
- Set back one year for all general employees and all beneficiaries (Base Plan)
- Set back one year for males and females (JRF)

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense

and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The PERSI uses Callan Associates capital market assumptions as of January 1, 2014, in analyzing asset allocation. The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The long-term expected rate of return on investments is shown below:

Asset Class	Index	Target Allocation	Long-Term Expected Real Rate of Return
Core Fixed Income	Barclays Aggregate	30.00%	0.80%
Broad U.S. Equities	Wilshire 5000 / Russell 3000	55.00%	6.90%
Developed Foreign Equities	MSCI EAFE	15.00%	7.55%
Assumed Inflation - Mean			3.25%
Assumed Inflation - Standard Deviation			2.00%
Portfolio Arithmetic Mean Return			8.42%
Portfolio Standard Deviation			13.34%
Portfolio Long-Term Expected Rate of Return			7.50%
Assumed Investment Expenses			0.40%
Long-Term Expected Rate of Return, Net of Investment Expenses			7.10%

Discount Rate

The actuary used a discount rate of 7.1 percent to measure the total pension liability. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the Base Plan's and JRF's net positions were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

1. PERSI Base Plan

Plan Description

Organization and Purpose

The PERSI Base Plan is a cost-sharing, multiple-employer defined benefit retirement plan. The Base Plan is governed by Idaho Code Title 59 Chapter 13.

Membership

State agencies, school districts, cities, counties, highway districts, water and sewer districts, and other political subdivisions contribute to the PERSI Base Plan. Participation is mandatory for state employees who normally work 20 or more hours a week for 5 or more consecutive months. The number of participating employer units is 766.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

Benefits

The annual service retirement allowance for each month of credited service is 2 percent (2.3 percent for police) of the average monthly salary for the highest consecutive 42 months. In addition, benefits are provided for disability or death, and to survivors of eligible members or beneficiaries. Members are eligible for retirement benefits upon attainment of the age specified for their employment classification or a combination of age plus service.

The benefit payments are calculated using a benefit formula adopted by the Idaho Legislature. The PERSI Base Plan is required to provide a 1 percent minimum cost of living increase per year on the condition the Consumer Price Index increases 1 percent or more. The PERSI Retirement Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6 percent, whichever is less; however, any amount above the 1 percent minimum is subject to approval by the Legislature.

Funding Policy

Funding and Contributions

Funding policy for the PERSI Base Plan is determined by the Board as defined by Idaho law. The Board may make periodic changes to employer and employee contributions, based upon actuarially-determined rates, that are adequate to accumulate sufficient assets to pay benefits when due. Actuarially-determined rates are expressed as percentages of annual covered payroll.

Level percentages of payroll normal costs are determined using the entry age normal cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The PERSI Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period permitted under Idaho Code Section 59-1322 is 25 years. Normal cost is 14.4 percent of covered payroll and the amount available to amortize the unfunded actuarial liability is 4.0 percent of covered payroll.

Contributions from members and employers, in addition to earnings from investments, fund the PERSI Base Plan benefits. Member and employer contributions are percentages of member compensation. As defined by state law, the member contribution rate is a percentage of the employer contribution rate. Employer contribution rates are recommended by periodic actuarial valuations

and are subject to the approval of the PERSI Retirement Board and limitations set forth in state statute. Valuations are based on actuarial assumptions, benefit formulas, and employee groups of the PERSI. Costs of administering the plans are financed through the contributions and investment earnings of the system.

Contribution rates for the year:

Employee Group	Employer	Employee
General	11.32%	6.79%
Police and Fire	11.66%	8.36%

Employer contributions required and paid were \$81.3 million and \$78.1 million for the fiscal years ended June 30, 2015 and 2014, respectively.

Although enrollees in the College and University Optional Retirement Plan no longer belong to the PERSI, the colleges and universities are required to contribute to the PERSI Base Plan through July 1, 2025. The contribution rate for the year was 1.49 percent for colleges and universities.

Vesting

After five years of credited service (five months for elected or appointed officials) members become fully vested in retirement benefits earned to date. Upon termination of employment, accumulated member contributions plus interest are refundable. The interest was compounded monthly per annum and accrued at 7.77 percent from July 1, 2014, through December 31, 2014, and at 15.04 percent from January 1, 2015, through June 30, 2015. Withdrawal of such accumulated contributions results in forfeiture of the member's accrued benefit; however, state law does include provisions for reinstatement of forfeited service upon repayment of the accumulated contributions plus interest.

Net Pension Liability, Pension Expense, and Deferrals

At June 30, 2015, the total net pension liability amount for all employers that contributed to the PERSI was \$736.2 million. The measurement date of the collective net pension liability is June 30, 2014. The State's proportion of that total was 25.5 percent, requiring the State to recognize a \$187.5 million liability for its proportionate share of the total net pension liability. Employer proportionate shares were determined utilizing a single-period measure of contributions as of June 30, 2014. The State also recognized a \$20.9 million pension expense and the following deferred outflows of resources and deferred inflows of resources:

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

PERSI Base Plan
as of June 30, 2015
(dollars in thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected & actual experience		\$ 23,281
Changes of assumptions**	\$ 15,612	
Net difference between projected & actual investment earnings		234,892
Contributions subsequent to the measurement date	81,300	
Total	\$ 96,912	\$ 258,173

* The change in proportionate amounts was deemed immaterial.

** Changes in assumptions due to a revised experience study; new mortality assumptions adopted.

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as pension expense (revenue) as follows (*dollars in thousands*):

Year	Expense (Revenue)
2015	\$ (60,390)
2016	\$ (60,390)
2017	\$ (60,390)
2018	\$ (60,390)
2019	\$ (1,000)

Discount Rate Sensitivity

The following presents the net pension liability of the State calculated using the expected discount rate of 7.1 percent and discount rates based upon a 1 percent discount rate decrease and a 1 percent discount rate increase (*dollars in thousands*):

1% Decrease (6.1%)	Current Discount Rate (7.1%)	1% Increase (8.1%)
\$ 651,450	\$ 187,591	\$ (198,010)

2. Judges' Retirement Fund

Prior to July 1, 2014, the Idaho Judicial Department (Department) administered the Judges' Retirement Fund. On July 1, 2014, the Department transferred all assets and administration of the Judges' Retirement Fund to the PERSI.

Plan Description

Organization and Purpose

The Judges' Retirement Fund (JRF) is a single-employer defined benefit retirement plan, which provides retirement benefits for Idaho Supreme Court justices, court of appeals judges, district court judges, and eligible administrative directors, hereinafter referred to as

"members". The JRF is governed in accordance with Idaho Code Title 1 Chapter 20.

Membership and Vesting

Members become fully vested in their retirement benefits after four years of credited service. If a member terminates from the retirement plan prior to four years of service, the member's contributions plus 6.5 percent per annum will be returned. Members are eligible for retirement benefits upon meeting one of the following criteria:

- Attainment of age 65 and a minimum of 4 years of service
- Attainment of age 60 and a minimum of 10 years of service
- Attainment of age 55 and a minimum of 15 years of service
- After 20 years of service

The JRF has 92 retired members or beneficiaries collecting benefits, 3 terminated members entitled to, but not yet receiving benefits, and 52 active members.

Benefits

The benefit structure is based on each member's years of service and compensation. In addition, benefits are provided for disability or death, and to survivors of eligible members. The benefit payments for the JRF are calculated using a benefit formula adopted by the Idaho Legislature, effective July 1, 2000. Members serving prior to, but not on July 1, 2000, are paid under Option A. Members serving on or after July 1, 2000, may choose between two benefit payment options, A or B. Both options are based upon current annual compensation of the highest office in which the member served, with benefits for Option A accumulating as follows:

For the first 10 years of service benefits are credited at 5 percent per year of the member's compensation. For the remaining years of service, benefits are

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2015

credited at 2.5 percent per year of the member's compensation.

In addition to the above benefits, Option B includes:

Benefits credited at 12.5 percent per year for senior judges with five years of service.

The maximum benefit is 75 percent of compensation. After four years of credited service, any member retiring by reason of disability will be entitled to benefits calculated using Option A. Upon the death of retired or sitting members, surviving spouses will be entitled to benefits equal to 50 percent of the member's calculated benefit.

Summary of Significant Accounting Policies

Generally speaking, significant accounting policies, actuarial assumptions, and discount rate information are the same as detailed for the PERSI. This information can be found at the beginning of this note.

Contribution Requirements

The JRF's benefits are funded by contributions from members and the Judicial Department and earnings from investments. Costs of administering the JRF are financed through the contributions and investment earnings of the JRF.

Members and the Department contribute to the JRF during the members' first 20 years of employment. Member and Department contributions are a percentage of member compensation as defined by state law. The JRF policy provides for Department and member contributions at 58.5 percent and 10.2 percent, respectively, of annual covered payroll. The payroll for members covered by the JRF was approximately \$6.1 million for the fiscal year.

Investments

Policies and Procedures

The Board utilizes and directs individual fund managers to provide whatever investment management and custodial functions the Board has determined best achieves the System's investment objectives. Each fund manager is generally granted full discretion in making investment decisions within asset allocation policy, portfolio investment policy, specific investment guidelines, and other special restrictions set by contract with the Board. The Board monitors overall investment performance and periodically evaluates the performance of each fund manager. The Board is empowered in its sole discretion to limit, control, and designate the types and amounts of investments.

Rate of Return

For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 2.75 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amount actually invested.

Net Pension Liability, Pension Expense, and Deferrals

Net Pension Liability

Net pension liability components as of the measurement date of June 30, 2015 (*dollars in thousands*):

Total Pension Liability	\$ 96,852
Plan Fiduciary Net Position	(76,468)
Net Pension Liability	<u>\$ 20,384</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	78.95%
Covered Payroll	\$ 6,149
Net Pension Liability as a Percentage of Covered Payroll	331.50%

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015**

Changes in net pension liability for the fiscal year ended June 30, 2015 (*dollars in thousands*):

	2015
Total Pension Liability Changes for the Year	
Service Cost	\$ 3,251
Interest	6,590
Benefit Changes	
Economic/Demographic Gains (Losses)	285
Assumptions Changes	
Benefit Payments, Including Refunds	(5,577)
Net Change in Total Pension Liabilities	4,549
Total Pension Liability - Beginning	92,303
Total Pension Liability - Ending	96,852
Plan Net Position	
Contributions - Employer	3,596
Contributions - Employee	629
Net Investment Income	2,052
Transfer In	
Benefit Payments, Including Refunds	(5,577)
Administrative Expense	(96)
Net Change in Plan Net Position	604
Plan Net Position - Beginning	75,864
Plan Net Position - Ending	76,468
Plan Net Pension Liability - Ending	\$ 20,384

Pension Expense and Deferrals

The State recognized a \$4.7 million pension expense and the following deferrals for the fiscal year ended June 30, 2015:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected & actual experience	\$ 179,311	
Changes of assumptions		
Net difference between projected & actual investment earnings	2,627,090	
Contributions subsequent to the measurement date		
Total	\$ 2,806,401	\$ 0

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as pension expense (revenue) as follows:

Year	Expense (Revenue)
2016	\$ 762,250
2017	\$ 730,607
2018	\$ 656,773
2019	\$ 656,771
2020	\$ 0
	<u>2,806,401</u>

Discount Rate Sensitivity

The following presents the net pension liability of the JRF calculated using the discount rate of 7.1 percent as well as what the employer's liability would be if it were calculated using a discount rate that is 1 percent lower or 1 percent higher than the current rate as of June 30, 2015 (*dollars in thousands*):

	Current
	Discount Rate
1% Decrease (6.1%)	1% Increase (8.1%)
\$ 30,368	\$ 20,384
\$ 11,861	

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015**

3. Firefighters' Retirement Fund

Plan Description

The FRF is a closed cost-sharing multiple-employer defined benefit retirement plan. The FRF is governed by Idaho Code Title 72 Chapter 14. The FRF is administered by the PERSI, which is part of the primary government. However, the State does not employ firefighters participating in the FRF; therefore, no employer costs are disclosed. Twenty-two employer units, all consisting of local fire departments, participated in the FRF. The significant accounting policies are the same as detailed for the PERSI. Complete FRF disclosures may be found in the PERSI financial statements.

4. Defined Contribution Retirement Plans

Plan Description

Organization and Purpose

The defined contribution retirement plans include the 401(k) and the 414(k). The plans are governed by Idaho Code Title 59 Chapter 13. The 414(k) plan was established for gain-sharing allocations from the PERSI Base Plan. The gain-sharing amount (if any) is based on funding levels in the PERSI Base Plan and is subject to board approval.

Membership

The 401(k) plan is open to all active PERSI Base Plan members. Eligibility for the 414(k) gain sharing requires 12 months of active PERSI membership as defined in Idaho statutes and PERSI rules. The plans have 766 employer units eligible to have participating employees.

Summary of Significant Accounting Policies

The assets of the 401(k) and the 414(k) plans are commingled for investment and recordkeeping purposes. The other significant accounting policies are the same as for the PERSI.

Funding Policy

Contributions

Employees in the 401(k) plan can make tax-deferred contributions up to 100 percent of their gross salary, less deductions, and subject to the IRS annual contribution limit; employees are immediately vested. Participants direct their investment mix with limited restrictions and may elect to change their salary deferrals. Additionally, the 401(k) plan is open to voluntary employer matching contributions at rates determined by the employers. Employers (participants) in the plans contributed \$5.2 (\$42.9) million, \$14.2 (\$39.1) million, and

\$9.1 (\$36.3) million during fiscal years 2015, 2014, and 2013, respectively.

B. Other State-Sponsored Retirement Plans

1. College and University Optional Retirement Plan

Plan Description

Organization and Purpose

Effective July 1, 1990, the State Legislature authorized the Idaho State Board of Education to establish the Optional Retirement Plan (ORP), a defined contribution plan for college and university faculty and exempt employees. The ORP is governed by Idaho Code Sections 33-107A and 33-107B and administered by the Idaho State Board of Education. Vendor options include Teachers' Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF) and Variable Annuity Life Insurance Company (VALIC). TIAA-CREF and VALIC may be reached at (800) 842-2009 and (888) 478-7020, respectively.

Membership

Faculty and exempt employees hired July 1, 1990, or thereafter, automatically enroll in the ORP and select their vendor option. Faculty and exempt employees hired before July 1, 1990, had a one-time opportunity to enroll in the ORP.

Funding Policy

Contributions and Vesting

The employee contribution requirement for the ORP is based on a percentage of total payroll. Employer contributions are determined by the State. The contribution requirement and amount paid for the fiscal year was \$45.8 million, which consisted of \$26.2 million from the colleges and universities and \$19.6 million from employees.

Participants are immediately fully vested in the ORP. Retirement benefits are available either as a lump sum or any portion thereof upon attaining 55 years of age.

2. Department of Labor Retirement Plan

Plan Description

Organization and Purpose

This stand-alone, defined benefit, insured retirement plan provides retirement benefits for certain employees (and their beneficiaries) of the Idaho Department of Labor hired prior to October 1, 1980, excluding anyone hired after age 65. The Plan is governed by Idaho Code Section 72-1335 and U.S. Department of Labor Rules and Regulations. The Labor Retirement Plan is administered

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

by the Idaho Department of Labor, which may be reached at (208) 332-3570.

Membership

As of September 30, 2014, the number of Idaho Department of Labor members and actual benefit recipients are as follows:

Retirees and Beneficiaries	331
Inactive Participants	4
Current Active Employees	<u>8</u>
Total	343

Benefits

Retirement benefit payments are calculated using a benefit formula established in the Plan. This monthly benefit is payable for life, through an annuity purchased for each retired employee from Prudential Insurance Company, with 120 payments guaranteed to the annuitant or their survivor. Upon the purchase of an annuity, Prudential assumes the risk for the insured benefit and has guaranteed to pay benefits in the event the trust funds are depleted. The Plan provides that the contributions paid by the employer to Prudential are in complete discharge of the employer's financial obligation under the Plan. At September 30, 2014, the last actuarial valuation date, no unfunded liability existed. The normal service retirement allowance is the average annual salary for the highest

three consecutive years times 2 percent for each year of credited service.

As of September 30, 2014, the present value of future retirement benefits is \$95.4 million. The actuary assumed a 5 percent average rate of return in determining the actuarial present value of accumulated plan benefits. Net position available for benefits (at fair value) is \$181.4 million.

Funding Policy

Contributions

Since September 30, 1997, plan assets have exceeded the actuarial present value of future benefit payments for all members. In accordance with plan requirements, employees continued to contribute 7 percent of payroll even though contributions were not actuarially needed to finance future benefits. However, in August 1999, the U.S. Department of Labor approved a plan change to allow the plan actuary to determine the employee contribution rate. Employee contributions have since been suspended through September 30, 2015, consistent with recent actuarial valuations. The current valuation certified that the total contribution rate should remain at zero through September 30, 2016. Total employer contribution for federal fiscal year 2015 was zero.

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Summary of Plans

The Department of Administration administers postemployment benefits for healthcare, disability, and life insurance for retired or disabled employees of state agencies, public health districts, community colleges, and other political subdivisions that participate in the plans. The Retiree Healthcare and Long-Term Disability plans are reported as agent multiple-employer defined benefit plans. The Retiree Life Insurance plan is a single-employer defined benefit plan. Idaho Code Sections 67-5760 to 67-5768 and 72-1335 establish the benefits and contribution obligations. The plans do not issue publicly available financial reports. The most recent actuarial valuation is as of July 1, 2014. No assets have been set aside to pay future benefits; these benefits are funded on a pay-as-you-go basis. The costs of administering the plans are financed by a surcharge to employers on all active employees, \$0.14 per person per month for fiscal year 2015. This rate is reviewed annually.

Each of the employers participating in the plans is required by GASB Statement No. 45 to disclose additional information regarding funding policy, the employer's

annual Other Post Employment Benefits (OPEB) cost and contributions made, the funded status and funding progress of the employer's individual plan, and actuarial methods and assumptions used.

The University of Idaho administers a single-employer defined benefit plan which provides medical, dental, and life insurance. The benefits may be amended by the University or the State Board of Education. The University issues a publicly available financial report that includes financial statements and required supplementary information for these benefits. That report may be obtained by writing to the University of Idaho, Attn. General Accounting, 875 Perimeter Dr., MS 3166, Moscow, ID 83844-3166. The plan obligations are actuarially determined. The most recent actuarial valuation is as of July 1, 2014. The University established a trust to fund the medical and dental portions of these benefits. The trust statements are for the fiscal year ended December 31, 2014. The cost of administering the medical and dental portions of the plan is included in medical claim costs; the life insurance portion is financed by a 10 percent surcharge.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

The number of participating employers and the classes of employees covered by the above plans are as follows:

Classes of Employees and Number of Participating Employers						
	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan	University of Idaho Plan
		Healthcare	Life Insurance	Income		
Active Employees	11,369	19,153	19,153		5,352	1,748
Retired/Disabled Employees	800	171	516	86	1,409	681
Terminated, Vested Employees					104	
Number of Participating Employers	26	26	26	26	1	1

Plan Descriptions and Funding Policy

Retiree Healthcare Plan

A retired officer or employee of a state agency, department, institution, or other political subdivision, including an elected official, who receives monthly retirement benefits from the Public Employee Retirement System of Idaho (PERSI) may elect to purchase retiree health insurance coverage for themselves and eligible dependents. Employees must enroll within 60 days of the date that the active employee policy ends. Additionally, the employee must be receiving monthly PERSI benefits at the time of retirement and must have 10 or more years (20,800 or more hours) of credited service. An officer or employee must have been an active employee on or before June 30, 2009, and must retire directly from State service. Coverage is not available to Medicare-eligible retirees or their Medicare-eligible dependents. Retirees eligible for medical health insurance pay the majority of the premium cost; however, the retiree plan costs are subsidized by the active employee plan. The maximum benefit is \$1,860 per retiree per year. In fiscal year 2015, retired plan members contributed 73.5 percent of the total premium cost, and employers were charged \$9.54 per active employee per month towards the retiree premium cost, or 26.5 percent of the total cost of the retiree plan.

Long-Term Disability Plan

Disabled employees are defined as persons unable to perform each of the substantial and material duties of the job for which they were hired and unable to earn more than 70 percent of their monthly salary for the first 30 months of disability. If after 30 months the employee is unable to perform any job for which they are reasonably qualified by experience, education, or training, and unable to earn more than 60 percent of their monthly salary, the employee is considered totally disabled. To qualify for long-term disability benefits, the waiting period of the longer of 26 continuous weeks of total disability or exhaustion of accrued sick leave must be met.

For up to 30 months following the date of disability an employee may continue healthcare coverage under this

plan. Each employer pays 100 percent of the employer's share of medical and dental premiums while the employee remains disabled. The employee is required to pay the normal active employee contribution for the plan and rate category in which the employee is enrolled. In fiscal year 2015, employers were not required to make a contribution.

The plan provides long-term disability income benefits to active employees who become disabled, generally up to a maximum age of 70. The gross benefit equals 60 percent of monthly pre-disability salary or \$4,000, whichever is less. The benefit does not increase with inflation and may be offset by other sources of income such as Social Security, Workers' Compensation, unemployment benefits, employment rehabilitation earnings, and certain retirement benefits. The State is self-insured for employees who became disabled prior to July 1, 2003; the State pays 100 percent of the cost of this benefit. The amount of the contribution is based on active claims and the number of insured individuals.

Principal Life Insurance Company insures employees disabled on or after July 1, 2003, and the obligation for the payment of income benefits has been effectively transferred. The employer pays 100 percent of the cost of the premiums; the contribution rate for the period was 0.264 percent of payroll. The employers' actual contribution was \$2.4 million in fiscal year 2015. This portion of the long-term disability income benefit is not included in the actuarial estimate as this is considered an insured benefit.

The plan also provides basic life insurance and dependent life insurance to disabled employees, generally up to a maximum age of 70. The life insurance benefit amount is generally 100 percent of annual salary, but not less than \$20,000. In addition, the plan provides a \$2,000 life insurance benefit for spouses and a \$1,000 life insurance benefit for dependent children. These benefits do not increase with inflation. The State is self-insured for employees who became disabled prior to July 1, 2012; the employer pays 100 percent of the cost. The contribution

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2015

is actuarially determined based on actual claims experience.

Principal Life Insurance Company insures employees disabled on or after July 1, 2012, and the obligation for the payment of basic life and dependent life coverage benefits has been effectively transferred. The employer pays 100 percent of the premiums. This portion of the basic life insurance and dependent life coverage is not included in the actuarial estimate as this is considered an insured benefit.

Retiree Life Insurance Plan

Boise State University, Eastern Idaho Technical College, Idaho State University, and Lewis-Clark State College provide basic life insurance to certified retired employees. In general, the employee must have completed at least 30 years of credited service or the sum of his/her age and years of credited service must total at least 80 to qualify for this benefit. Eligible retirees receive basic life insurance coverage equal to 100 percent of their annual salary at retirement.

The Judicial Department provides basic life insurance for life to all retired Idaho Supreme Court justices, state court of appeals judges, district court judges, magistrate judges, and court administrators. Eligible retirees receive life insurance coverage equal to 100 percent of the annual salary of the position from which they retire.

The Department of Labor provides basic life insurance to all certified retired employees of the Department. Eligible retirees receive insurance equal to 50 percent of their annual salary at retirement, not to exceed \$5,000.

These participating agencies pay 100 percent of the cost of basic life insurance for eligible retirees. The following chart shows contribution rates for the fiscal year as percentages of payroll:

Retiree Life Insurance Contribution Rates				
	Under Age 65	Age 65 - 69	Age 70 and Over	All Ages
Colleges and Universities	1.177%	0.894%	0.600%	
Judicial Department	1.170%	0.887%	0.593%	
Department of Labor				0.593%

University of Idaho Plan

The University of Idaho plan provides medical and dental benefits to eligible retirees, disabled employees, spouses, and survivors; life insurance is provided only to retirees. In general, the employee must have completed at least 30 years of credited service or the sum of his/her age and years of credited service must total at least 80 to qualify for these benefits. The University pays a portion of the coverage for retirees and disabled employees; the retiree or disabled employee pays the remainder. Spouses and survivors are required to pay 100 percent of the cost for the medical and dental benefits.

Employees hired after January 1, 2002, are eligible to participate in the University's health insurance plan; however, the employee pays the entire cost of the premiums. The University determines the defined contribution costs that will be borne by the retiree plan participants. The University solely bears the risk for adverse financial performance, subject to a cap of \$200 thousand per retiree per year, after which the University is reinsured. Retiree health plan performance is reviewed annually and premium rates are then adjusted by the University as necessary.

Summary of Significant Accounting Policies

The financial statements of the OPEB plans are reported using the accrual basis of accounting. Contributions are recorded when earned and expenses, including benefits and refunds paid, are recorded when a liability is incurred, regardless of the timing of cash flows. Investments are reported at fair value.

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

The financial position of each of the State's OPEB plans is as follows:

Statement of Plan Net Position				
<i>(dollars in thousands)</i>				
	Retiree Healthcare Plan	Long-Term Disability Plan		
		Life		
		Healthcare	Insurance	Income
ASSETS				
Pooled Cash and Investments	\$ 147			
Investments, at Fair Value				
Fixed Income Securities				
Equity Securities				
Total Assets	<u>\$ 147</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
LIABILITIES				
Unearned Revenue	\$ 147			
Total Liabilities	<u>\$ 147</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Annual OPEB Cost

The Annual OPEB Cost (AOC) is actuarially determined based on the annual required contribution (ARC) of the employer. The following table illustrates the annual

OPEB cost, the amount of contributions made, the increase (decrease) in the net OPEB obligation (NOO) and the NOO (funding excess) for the current year:

Annual OPEB Cost and Net OPEB Obligation						
<i>(dollars in thousands)</i>						
	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan	University of Idaho Plan
		Healthcare	Life Insurance	Income		
Annual Required Contribution	\$ 3,715	\$ 1,163	\$ 979	\$ 581	\$ 3,827	\$ 3,177
Interest on NOO	981	38	(7)	6	542	(140)
Adjustment to ARC	(1,869)	(72)	13	(12)	(1,032)	178
Total Annual OPEB Cost	<u>2,827</u>	<u>1,129</u>	<u>985</u>	<u>575</u>	<u>3,337</u>	<u>3,215</u>
Contributions Made	(2,102)	(1,568)	(816)	(465)	(637)	(3,233)
Increase (Decrease) in NOO	<u>725</u>	<u>(439)</u>	<u>169</u>	<u>110</u>	<u>2,700</u>	<u>(18)</u>
NOO (Funding Excess) –						
Beginning of Year	<u>27,089</u>	<u>1,039</u>	<u>(189)</u>	<u>172</u>	<u>15,038</u>	<u>(2,240)</u>
NOO (Funding Excess) –						
End of Year	<u>\$ 27,814</u>	<u>\$ 600</u>	<u>\$ (20)</u>	<u>\$ 282</u>	<u>\$17,738</u>	<u>\$ (2,258)</u>

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015**

Annual OPEB Cost Comparison

The following table compares the annual OPEB cost, the percentage of annual OPEB cost contributed and the NOO (funding excess) for the current and prior two years.

Annual OPEB Cost and Net OPEB Obligation Comparison (dollars in thousands)							
		Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan	University of Idaho Plan*
			Healthcare	Life Insurance	Income		
Annual OPEB Cost	2013	\$ 1,396	\$ 984	\$ 1,527	\$ 778	\$ 2,896	\$ 3,753
	2014	1,199	1,029	1,498	811	3,011	3,410
	2015	2,827	1,129	985	575	3,337	3,215
Percentage of AOC Contributed	2013	140.0%	129.5%	104.5%	75.2%	18.5%	117.3%
	2014	150.2%	139.7%	74.4%	68.7%	19.3%	93.2%
	2015	74.4%	138.9%	82.8%	80.9%	19.1%	100.6%
NOO (Funding Excess) – End of Year	2013	\$ 27,691	\$ 1,446	\$ (572)	\$ (83)	\$ 12,609	\$ (2,472)
	2014	27,089	1,038	(189)	171	15,038	(2,240)
	2015	27,814	600	(20)	282	17,738	(2,258)
* 2013 NOO (Funding Excess) - End of Year amount restated.							

Funded Status and Funding Progress

The following table illustrates the funded status and the funding progress for the State as an employer:

Funded Status and Funding Progress (dollars in thousands)							
		Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan	University of Idaho Plan
			Healthcare	Life Insurance	Income		
Actuarial Valuation Date		7/1/2014	7/1/2014	7/1/2014	7/1/2014	7/1/2014	7/1/2014
1 Actuarial Value of Assets	\$	0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 29,768
2 Actuarial Accrued Liability (AAL)		23,260	7,958	4,408	3,088	47,844	62,465
3 Unfunded AAL (UAAL) (2) - (1)	\$	23,260	\$ 7,958	\$ 4,408	\$ 3,088	\$ 47,844	\$ 32,697
4 Funded Ratios (1) : (2)		0.0%	0.0%	0.0%	0.0%	0.0%	47.7%
5 Annual Covered Payroll	\$	907,637	\$ 907,637	\$ 907,637	\$ 907,637	\$ 285,407	\$ 140,728
6 UAAL as a Percentage of Covered Payroll (3) : (5)		2.56%	0.88%	0.49%	0.34%	16.76%	23.23%

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, contains multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Calculations are based on the types of benefits provided under the terms of the plan at the time of each valuation and on the pattern of sharing costs between the employer and plan members.

The projection of benefits for financial reporting purposes does not incorporate the potential effects of legal funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective and actuarial methods and assumptions used include techniques that are

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The

following table presents the significant methods and assumptions for all plans:

Significant Methods and Actuarial Assumptions						
	Retiree Healthcare Plan	Long-Term Disability Plan Life			Retiree Life Insurance	University of Idaho Plan
	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Entry Age Normal
Actuarial Cost Method	Level	Level	Level	Level	Level	Level
Amortization Method	Percentage of Payroll	Percentage of Payroll	Dollar	Dollar	Percentage of Payroll	Dollar
Amortization Period	10 years, Open	30 years, Open	5 years, Open	6 years, Open	30 years, Open	30 years, Open
Asset Valuation Method	N/A	N/A	N/A	N/A	N/A	Fair Market Value
Assumptions:						
Inflation Rate	2.75%	2.75%	2.75%	2.75%	2.75%	N/A
Investment Return	3.60%	3.60%	3.60%	3.60%	3.60%	6.25%*
OPEB Increases	N/A	N/A	N/A	N/A	N/A	N/A
Projected Salary Increases	3.25%	3.25%	3.25%	3.25%	3.25%	3.00%
Healthcare Cost Initial Trend Rate	6.70%	6.70%	N/A	N/A	N/A	8.50%
Healthcare Cost Ultimate Trend Rate	4.70%	4.70%	N/A	N/A	N/A	4.50%

* The discount rate is based upon the University's historical and long-term expected investment return.

NOTE 10. RISK MANAGEMENT

The State maintains a combination of commercial and self-insurance to cover the risk of losses to which it may be exposed. This is accomplished through the Group Insurance and Risk Management internal service funds and various outside entity insurance providers.

The Group Insurance fund is used to account for and finance life, health, and disability insurance programs which are experience rated and fully insured. However, when the claims exceed 100 percent of the annual premium paid to the insurer, the State is responsible for up to an additional 5 percent of the annual premiums for medical, 5 percent for dental, and is not responsible for any claims exceeding premium payments for life and disability coverage. The insurance carrier assumes the risk of loss for claims above the contractual ceilings. Policy claim liabilities are composed of the amounts required to fund any additional payments of life, health, and disability premiums. The liabilities include an estimate for claims that have been incurred but not reported and are net of any contractual adjustments and coordination of benefits. The fiscal year 2015 refund reflects a favorable claims experience. Additionally, the State does not have any unpaid claim liabilities at fiscal year-end; the State experienced less-than-expected claims in the amount of \$3.0 million. The State maintains

program and premium stabilization balances; these amounts are included with the restricted net position in the Group Insurance fund.

The Risk Management fund manages property and general liability risk. The Fund also finances and accounts for other risks not covered by Group Insurance and various outside entity insurance providers. General liability claims are self-insured up to the Idaho Tort Claims Act maximum of \$500,000 for each occurrence. Property damage claims are self-insured for up to \$250,000, energy systems are self-insured for up to \$50,000, and employee bond/crime is self-insured for up to \$175,000, per occurrence annually. Physical damages to covered vehicles and inland marine are self-insured for actual cash value. The State purchases commercial insurance for claims not self-insured by the above coverages and for other identified risks of loss, including workers' compensation insurance.

Estimated liabilities for Risk Management include claims that have been incurred but not reported; incremental claim adjustment expenses related to specific claims; claim adjustment costs, both allocated and unallocated; and any anticipated subrogation receipts. The State records its Risk Management premium liability using

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

discounted amounts provided by actuaries. The discounted liabilities take into account anticipated investment income. At fiscal year-end \$12.2 million of unpaid claim liabilities for Risk Management are recorded at the present value of \$11.3 million, using a 3.5 percent discount interest rate.

All state entities may participate in the Group Insurance and Risk Management programs. Payments made to the

Group Insurance fund are based on actuarial estimates of the amounts needed to pay for negotiated coverage and projected claims experience. Claim settlements have not exceeded insurance coverage for each of the past three fiscal years. Liabilities are reported when the occurrence of loss is probable and the amount of the loss can be reasonably estimated. Payments are made to the Risk Management fund based on actuarial estimates, loss experience, exposure, and asset value covered.

Changes in policy claim liabilities are as follows (*dollars in thousands*):

	Fiscal Year	Beginning Balance	Current Year Claims and Changes in Estimate	Claims (Payments) Refunds	Ending Balance
Group Insurance	2014	\$ 5,071	\$ (13,163)	\$ 10,937	\$ 2,845
	2015	\$ 2,845	\$ (6,752)	\$ 912	\$ (2,995)
Risk Management	2014	\$ 12,892	\$ 2,434	\$ (3,866)	\$ 11,460
	2015	\$ 11,460	\$ 3,932	\$ (4,088)	\$ 11,304

NOTE 11. LEASES

A. State as Lessee

The State leases land, buildings, vehicles, and office equipment. Although the lease terms vary, most leases are subject to annual appropriations from the Legislature to continue the lease obligations. If a legislative appropriation is reasonably assured, leases are considered noncancelable for financial reporting purposes. Any escalation clauses, sublease rentals, and contingent rentals are considered immaterial to the future minimum lease payments and current rental expenditures.

Operating Leases

Operating leases do not qualify for capitalization. Therefore, the lease agreements are not reflected as assets in the State's balance sheet. Operating lease payments are recorded as expenditures or expenses of the related

funds when paid or incurred. The total operating lease expenditures/expenses for fiscal year 2015 were \$28.0 million for the primary government. Operating leases contain various renewal options, as well as some purchase options.

Capital Leases

The State has entered into capital leases that are, in substance, a purchase. At the date of acquisition the assets are valued on the balance sheet at the present value of the future minimum lease payments. Capital lease assets and obligations are recorded in the respective funds as capital assets and long-term obligations. Interest expense for capital leases is not capitalized. Amortization of assets acquired under capital lease is included with depreciation expense.

Assets under capital lease are as follows (*dollars in thousands*):

Asset Class	Governmental Activities	Business-Type Activities	Total Primary Government
Land	\$ 187		\$ 187
Buildings and Improvements	32,189	\$ 8,048	40,237
Machinery, Equipment, and Other	736	87	823
Accumulated Depreciation	(4,819)	(4,542)	(9,361)
Total Assets under Capital Leases	\$ 28,293	\$ 3,593	\$ 31,886

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015**

Future minimum lease commitments for noncancelable operating and capital leases are as follows (*dollars in thousands*):

Fiscal Year	Operating Leases	Capital Leases		
	Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
2016	\$ 27,099	\$ 3,343	\$ 453	\$ 3,796
2017	20,900	3,359	414	3,773
2018	15,568	3,337	11	3,348
2019	10,137	3,297		3,297
2020	5,952	3,310		3,310
2021-2025	11,145	16,403		16,403
2026-2030	70	10,826		10,826
2031-2035	28			
Total Payments	\$ 90,899	43,875	878	44,753
Executory Costs		(9,694)		(9,694)
Imputed Interest		(9,862)	(98)	(9,960)
Total Present Value of Minimum Lease Payments		\$ 24,319	\$ 780	\$ 25,099

B. State as Lessor

Operating Leases

The State leased the following assets under operating leases (*dollars in thousands*):

Asset Class	Primary Government
Land	\$ 2,698
Buildings and Improvements	22,854
Improvements Other Than Buildings	374
Machinery, Equipment, and Other	1,336
Accumulated Depreciation	(4,262)
Total Assets Held for Lease	\$ 23,000

Capital Leases

The Boise State University Foundation, a component unit, leases a building to Boise State University. The lease agreement does not specify a final lease term; at the end of the lease, the Foundation will either donate the building to the University or continue to lease the building for \$1 annually. The capital lease receivable is on the balance sheet as part of due from primary government and is valued at the net investment in direct financing lease.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

Future minimum rentals for operating leases and future minimum lease payments receivable for capital leases are as follows (*dollars in thousands*):

Fiscal Year	Operating Leases	Capital Leases
	Primary Government	Component Unit
2016	\$ 6,708	\$ 433
2017	6,656	404
2018	5,932	11
2019	5,333	
2020	4,832	
2021-2025	21,354	
2026-2030	14,265	
2031-2035	5,261	
Total Rentals and Receivables	\$ 70,341	\$ 848
Net Investment in Direct Financing Lease:		
Minimum Lease Payments Receivable		\$ 848
Unearned Income		(97)
Net Investment in Direct Financing Lease		\$ 751

NOTE 12. SHORT-TERM DEBT

Primary Government

Idaho Code Section 63-3201 authorizes the State Treasurer, upon approval by the State Board of Examiners, to borrow money in anticipation of current-year tax receipts. The State uses external tax anticipation notes to cover the shortfall between General Fund revenues and disbursements during the year. General Fund revenues are received in relatively uneven amounts throughout the fiscal year due to various factors affecting the timing of receipts; such factors include the collection of individual income taxes in April, large sales tax receipts in January as a result of holiday shopping, and quarterly collections of corporate income tax. During fiscal year 2015, the State anticipated that 44.7 percent of General Fund revenues would be received in the first six months; however, disbursements during the same period were expected to account for 63 percent of total expenditures, mainly due to public school aid and Health and Welfare expenditures. The notes sold on the open

market were issued on July 1, 2014, and were redeemed on June 30, 2015.

Component Units

The Idaho Housing and Finance Association utilizes short-term borrowing in the form of commercial paper to provide funds to purchase single-family mortgage loans on an interim basis and to finance multi-family construction loans. As of June 30, 2015, the Association has commercial paper outstanding, maturing within 22 to 181 days from date of issue, with a weighted average interest rate of 0.54 percent.

The Idaho Small Employer Health Reinsurance Program has a \$0.8 million line-of-credit commitment from a local bank. Interest on the advances is payable monthly at prime rate plus 1 percent per annum and was 4.5 percent as of December 31, 2014. The line is not secured and matures on November 1, 2015.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

Short-term debt activity include the following (*dollars in thousands*):

	Balances at July 1, 2014	Issued/Draws	Redeemed/ Repayments	Balances at June 30, 2015
Primary Government				
Governmental Activities:				
External Tax Anticipation Notes	\$ 0	\$ 475,000	\$ (475,000)	\$ 0
Component Units				
Commercial Paper	\$ 50,000	\$ 340,999	\$ (315,999)	\$ 75,000
Line of Credit	\$ 550	\$ 591	\$ (1,079)	\$ 62

NOTE 13. BONDS, NOTES, AND OTHER LONG-TERM LIABILITIES

A. Compensated Absences

Primary Government

Idaho's compensated absences policy permits employees to accumulate earned but unused vacation, compensatory time, and sick leave benefits. Employees earn vacation based on hours worked and years of service; compensatory time earned is based on hours worked in excess of forty hours per week. Upon termination of employment, an employee is paid for unused vacation time and administrative leave. All employees covered by the Fair Labor Standards Act are paid compensatory balances at termination.

A liability is accrued in the government-wide, proprietary, and fiduciary fund financial statements for all vacation pay and compensatory time when incurred. The liability is based on the pay rate in effect at the balance sheet date. The State assumes a first-in, first-out flow for compensated absence balances.

Idaho Code Section 67-5333 establishes the policy for sick leave benefits. The State does not pay amounts for accumulated sick leave when employees separate from service. Therefore, the State does not accumulate a liability for sick leave. However, upon retirement 50 percent of an employee's unused sick leave value (not to exceed 600 hours) may be used to purchase health insurance for the retiree.

Credited Hours of State Service	Maximum Allowable Hours
0-10,400 (0-5 years)	420
10,401-20,800 (5-10 years)	480
20,801-31,200 (10-15 years)	540
31,201+ (15 years or more)	600

The health insurance premiums are funded by remitting 0.65 percent of payroll to the Sick Leave Insurance Reserve fund administered by the Public Employee Retirement System of Idaho.

B. Revenue Bonds

Primary Government

The Idaho State Building Authority is authorized by Idaho Code Title 67 Chapter 64, to issue bonds to finance construction, restoration, or acquisitions of facilities for lease to state agencies per prior legislative approval. Bonds are direct obligations of the Authority. The Authority has surety bonds in amounts up to the reserve requirements for all outstanding bonds except the Series 2008A bonds, for which the Authority has a funded debt service reserve. No amounts were outstanding at June 30, 2015, under these surety bonds.

The State's colleges and universities have a number of outstanding bonds for the primary purpose of funding various construction projects. University bonds are secured by student fees, the sale of goods and services, grants, contributions, and certain other revenues. The colleges and universities issued \$545.6 million in bonds between 2004 and 2015. Annual principal and interest payments on the bonds are expected to require 10 percent of the revenues. The total principal and interest payments remaining on the bonds are \$743.6 million, payable through 2045. For the current year, principal and interest payments and total pledged revenues were \$36.5 million and \$369.4 million, respectively.

The Idaho Water Resource Board within the Department of Water Resources is authorized to issue and sell revenue bonds under provisions of Idaho Code Sections 42-1739

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

through 42-1749. Bonds in the original amount of \$5.3 million are outstanding and secured by revenues derived from the generation of hydroelectric power, a mortgage, the assignment of water rights, and by a reserve fund with the trustee bank. The reserve requirement is equal to the lesser of 125 percent of the annual debt service, the maximum annual debt service, or 10 percent of the outstanding principal of the bonds. An amount equal to one year's debt service payment is accumulating in the Loan fund for debt service payment in the event the pipeline is out of service and unable to generate revenue. These bonds are not considered general obligations of the State. Total principal and interest remaining on the bonds is \$2.4 million, payable through 2019. Annual principal and interest payments on the bonds are expected to require 57.4 percent of the revenues. For the current year, principal and interest payments and total pledged revenues were \$0.6 million and \$1.0 million, respectively.

Component Units

The Idaho Housing and Finance Association is authorized to issue and sell revenue bonds under provisions of Idaho Code Sections 67-6201 through 67-6226. The Association issued bonds to finance various single and multi-family housing developments, the construction of highway transportation projects, and to refinance a note for unemployment compensation benefits. The bonds are either special or general obligations of the Association and do not constitute a debt of the State or any of its political subdivisions. The bonds have been issued in a variable-rate mode. The bulk of the bonds are re-marketed on a weekly basis at the prevailing interest rates. The multi-

family housing bonds are limited obligations of the Association and are secured by the respective mortgages on each development as well as a lien on all revenues as defined in each respective bond indenture. The transportation and unemployment compensation benefits bonds are secured by principal and interest payments from the Idaho Transportation Department and the Idaho Department of Labor.

The State's college and university foundations have a number of bonds outstanding for the purpose of funding construction projects. Foundation bonds are secured by various revenue sources, including leases, donations, pledges, and other funds. The college and university foundations issued \$32.0 million in bonds between 2001 and 2015. The total principal and interest payments remaining on the bonds are \$12.5 million, payable through 2025. Annual principal and interest payments on the bonds are expected to require 114.4 percent of the revenues. For the current year, principal and interest payments and total pledged revenues were \$0.6 million and \$0.5 million, respectively.

The Idaho Bond Bank Authority is authorized to issue and sell revenue bonds under provisions of the Idaho Constitution Article VIII Section 2A, and Idaho Code Sections 67-8701 through 67-8729. The bonds are used by the Authority to make loans to Idaho municipalities in order to finance the construction of public water and/or sewer improvements. The bonds are limited obligations of the Authority and do not constitute a debt of the State or any of its political subdivisions.

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015**

Revenue bond debt service requirements to maturity are as follows (*dollars in thousands*):

Fiscal Year Ending June 30	Primary Government							
	Governmental Activities		Business-Type Activities					
	Nonmajor		College and				Total	
	Special Revenue		University		Loan			
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 8,120	\$ 6,184	\$ 16,936	\$ 20,570	\$ 475	\$ 125	\$ 25,531	\$ 26,879
2017	8,465	5,893	18,002	19,957	500	98	26,967	25,948
2018	8,805	5,563	18,749	19,317	530	68	28,084	24,948
2019	9,160	5,206	19,580	18,319	560	35	29,300	23,560
2020	9,590	4,790	19,065	17,598			28,655	22,388
2021-2025	50,080	16,801	87,195	75,866			137,275	92,667
2026-2030	17,210	8,446	82,140	56,964			99,350	65,410
2031-2035	15,275	5,700	94,430	37,164			109,705	42,864
2036-2040	15,985	2,487	80,580	15,186			96,565	17,673
2041-2045	2,235	56	23,765	2,186			26,000	2,242
Total	\$ 144,925	\$ 61,126	\$ 460,442	\$ 283,127	\$ 2,065	\$ 326	\$ 607,432	\$ 344,579
Interest Rate	0.07% to 5.98%		0.67% to 6.52%		5.46% to 6.28%			

Fiscal Year Ending June 30	Component Units							
	Idaho Housing and		College and University		Idaho Bond Bank			
	Finance Association		Foundations		Authority		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 360,699	\$ 37,486	\$ 1,304	\$ 175	\$ 18,585	\$ 16,911	\$ 380,588	\$ 54,572
2017	76,533	40,864	1,335	143	18,980	16,251	96,848	57,258
2018	69,857	38,622	5,536	126	19,735	15,550	95,128	54,298
2019	69,367	36,440	483	80	21,530	14,830	91,380	51,350
2020	69,136	34,227	494	69	20,890	14,056	90,520	48,352
2021-2025	308,485	134,186	2,607	158	109,980	56,068	421,072	190,412
2026-2030	330,326	61,052			102,775	30,568	433,101	91,620
2031-2035	76,075	14,084			58,205	13,252	134,280	27,336
2036-2040	39,160	5,316			25,665	3,791	64,825	9,107
2041-2045	11,813	340			3,775	185	15,588	525
Total	\$ 1,411,451	\$ 402,617	\$ 11,759	\$ 751	\$ 400,120	\$ 181,462	\$ 1,823,330	\$ 584,830
Interest Rate	0.09% to 6.45%		*0.11% to 5.35%		1.25% to 6.25%			
*Interest for the ISU Foundation is re-marketed at the Weekly Rate.								

C. Advance and Current Refundings

Primary Government

In prior years the Idaho State Building Authority defeased bonds by placing governmental securities into irrevocable trusts sufficient to provide for all future debt service

payments on those bonds. The related liability was appropriately removed from the financial statements in the year of defeasance.

**Notes to the Financial Statements
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In prior years Boise State University defeased bonds by placing part of the proceeds of the general revenue bond into a trust sufficient to pay all future debt service payments on those bonds. The related liability was appropriately removed from the financial statements in the year of defeasance.

The University of Idaho defeased one existing bond by issuing new bonds of \$16.3 million to fully advance refund the outstanding balance of the existing bond. The related liability was appropriately removed from the financial statements in the year of defeasance. The refunding resulted in a reduction of debt service

requirements of \$4.3 million and an economic gain of \$0.9 million.

Component Units

The Idaho Bond Bank Authority advance refunded bonds by issuing new bonds of \$26.1 million and placed the proceeds into irrevocable trusts sufficient to provide for all future debt service payments on defeased bonds. The related liability was appropriately removed from the financial statements in the year of defeasance. The refunding resulted in a reduction of debt service requirements of \$0.4 million and an economic gain of \$1.3 million.

The outstanding debt payable for each defeased debt issue is as follows (*dollars in thousands*):

Issuer	Debt Issue	Amount Defeased	Remaining Liability
Idaho State Building Authority	2001 Series C Bonds	\$ 3,815	\$ 3,470
	2003 Series B Bonds	4,765	4,765
	2003 Series D Bonds	7,640	7,015
	2003 Series E Bonds	5,430	4,985
	2003 Series F Bonds	7,350	6,745
	2003 Series G Bonds	6,280	5,765
	2003 Series H Bonds	6,900	6,335
	2003 Series I Bonds	3,385	3,105
	2003 Series J Bonds	1,435	1,315
	2005 Series A Bonds	6,935	6,935
Boise State University	2007 Series A Bonds	6,620	6,620
	2007 Series B Bonds	23,290	23,290
Idaho Bond Bank Authority	2006 Series A Bonds	6,390	6,390
	2009 Series A Bonds	17,575	17,575

D. Notes Payable

Primary Government

The Idaho Transportation Department financed the improvement of various roads and related infrastructure within the State through the issuance of \$794.4 million in notes payable to the Idaho Housing and Finance Association. The notes are related to GARVEE bonds issued by the Association and will be repaid by grant revenues received by the Department from the Federal Highway Administration and by matching state funds. Annual principal and interest payments on the notes are expected to require 17.8 percent of the revenues. The total principal and interest payments remaining on the notes are \$880.1 million, payable through 2032. For the current year, principal and interest payments and total pledged revenues were \$57.9 million and \$324.6 million,

respectively. The amount of the balance owing does not equal the amount of the receivable recorded by the Association due to the timing of principal and interest payments.

The Idaho State Building Authority issued a \$1.7 million note payable during 2009. The note is payable from and secured by a pledge of lease revenues, other funds, and reserves held.

The Department of Administration purchased operating and capital equipment through the issuance of a note payable for \$3.8 million in 2004.

The State's colleges and universities refinanced various notes payable by issuing new notes payable. The notes are secured by student fees revenues. Lewis-Clark State

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

College issued \$7.7 million in notes payable between 2010 and 2012. Annual principal and interest payments on the notes are expected to require 87.5 percent of the revenues. The total principal and interest remaining on the notes is \$3.2 million, payable through 2018. For the current year, principal and interest payments and net pledged revenues were \$1.0 million and \$1.1 million, respectively.

The Department of Labor issued \$187.6 million in notes payable to the Idaho Housing and Finance Association in fiscal year 2012. The note was issued to refinance the existing notes payable to the federal government for the deficit in the Unemployment Trust Fund that occurred in 2009 and 2010. The fund's unemployment insurance receipts had fallen short of the amount needed to pay the prior year unemployment compensation benefits.

The Idaho Lottery purchased capital equipment through the issuance of a note payable for \$70 thousand in 2012.

Component Units

The Idaho Housing and Finance Association issued notes payable for the construction and purchase of affordable multi-family housing complexes. The notes are secured by the deeds of trust on the buildings and equipment or an assignment or pledge of purchase rights for security purposes.

The BSU Foundation issued a \$2.0 million note payable to a large healthcare organization. The proceeds were invested and the investment earnings will generate scholarships for health science students.

The ISU Foundation issued \$0.4 million in notes payable for the purchase of two existing pharmacies. The purchases establish tele-pharmacies in neighboring communities, expanding health center operations to serve students, faculty, and administrators.

Note debt service requirements to maturity are as follows (*dollars in thousands*):

Fiscal Year Ending June 30	Primary Government							
	Governmental Activities							
	Nonmajor							
	Transportation		Special Revenue		Internal Service		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 29,186	\$ 29,703	\$ 144	\$ 21	\$ 234	\$ 129	\$ 29,564	\$ 29,853
2017	30,418	28,470	149	16	261	116	30,828	28,602
2018	31,803	27,069	155	10	289	101	32,247	27,180
2019	33,332	25,534	149		320	85	33,801	25,619
2020	34,919	23,940			353	67	35,272	24,007
2021-2025	202,406	91,753			1,041	79	203,447	91,832
2026-2030	254,155	34,877					254,155	34,877
2031-2035	2,453	50					2,453	50
Total	\$ 618,672	\$ 261,396	\$ 597	\$ 47	\$ 2,498	\$ 577	\$ 621,767	\$ 262,020
Interest Rate	2.00% to 6.35%		3.45%		5.34%			

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

Fiscal Year Ending June 30	Business-Type Activities							
	College and University		Unemployment Compensation		Nonmajor Enterprise Funds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 2,513	\$ 134	\$ 50,075	\$ 1,165	\$ 10	\$ 2	\$ 52,598	\$ 1,301
2017	868	52			12	1	880	53
2018	1,626	30			13		1,639	30
2019								
2020								
Total	\$ 5,007	\$ 216	\$ 50,075	\$ 1,165	\$ 35	\$ 3	\$ 55,117	\$ 1,384
Interest Rate	2.28% to 5.08%		2.00%		6.00%			

Fiscal Year Ending June 30	Component Units					
	Idaho Housing and Finance Association		College and University Foundations		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 1,502	\$ 867	\$ 68	\$ 39	\$ 1,570	\$ 906
2017	1,450	802	2,037	36	3,487	838
2018	1,439	733	40	14	1,479	747
2019	1,470	663	42	11	1,512	674
2020	1,203	600	171	25	1,374	625
2021-2025	6,205	2,186			6,205	2,186
2026-2030	4,901	1,013			4,901	1,013
2031-2035	1,724	373			1,724	373
2036-2040	1,208	133			1,208	133
2041-2045	799	53			799	53
2046-2050	410	12			410	12
2051-2055	1,303				1,303	
Total	\$ 23,614	\$ 7,435	\$ 2,358	\$ 125	\$ 25,972	\$ 7,560
Interest Rate	0.00% to 9.13%		1.00% to 6.00%			

E. Claims and Judgments

Primary Government

Claims and judgments are payable on behalf of the State and its agencies for various legal proceedings and claims. In general, the State records liabilities for material claims and judgments when they are considered probable and estimable. The State recorded the following claims and judgments:

The Department of Administration was named in a lawsuit with Syringa Networks, LLC in fiscal year 2011. During fiscal year 2015 the District Court voided

the contract between Qwest and Education Networks of America for the Idaho Education Network. As a result, the State recorded a liability of \$0.9 million for estimated attorney fees owed to Syringa Networks, LLC.

The Department of Health and Welfare estimates Medicaid claims incurred in fiscal year 2015 but not reported at year end in the amount of \$141.4 million.

The Idaho Transportation Department experienced contractor claims for reimbursement of additional expenses incurred for the performance of construction

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015**

contract requirements. The State recorded a liability of \$1.7 million.

The Department of Environmental Quality entered into a contract with the Environmental Protection Agency (EPA) in April 1995 for the purpose of environmental remediation within the Bunker Hill Superfund Site. Federal Superfund law requires the State to match 10 percent of federal funds spent on actual remediation work and to meet all costs of future site operation and maintenance costs. The December 2012 amended remediation cost estimate was \$143.0 million, which was measured using the expected cash flow technique. The State's share was \$14.3 million. The State has expended \$15.7 million toward the required match leaving an overpayment of the match liability of \$1.4 million. The overpayment can be used to meet match requirements in the Coeur d'Alene Basin Superfund site. The contract work was completed during fiscal year 2008. The State has taken ownership of 1,400 acres of remediated and unremediated land with approximately 400 additional acres yet to be transferred from the EPA to the State. The land's value has not been established and has development limitations which may reduce property values.

In August 2002, the federal government, Idaho, Washington, and tribal officials signed a memorandum of agreement to create the Coeur d'Alene Basin Commission that will direct cleanup of the Coeur d'Alene Basin in Idaho. The EPA issued a Record of Decision (ROD) in September 2002. The State and federal government signed the Coeur d'Alene

Basin Superfund contract on October 2, 2003. The original estimate of the remediation cost was \$310.0 million. In 2012 an amended ROD was released with a revised estimated cleanup cost of \$635.0 million. The State has not agreed to match any additional cost. Idaho's match is 10 percent or \$31.0 million, which was measured using the expected cash flow technique. The State has expended \$3.0 million toward the required match, leaving a liability of \$28.0 million. Washington State will match the remainder of the liability. Work began in 2003 and will take 30 years to complete. Environmental liability estimates are subject to amendment due to changes in prices, technology, laws, regulations, and other factors. The State does not anticipate any recovery from other parties for the Coeur d'Alene Basin project.

Component Units

The component units recorded the following claims and judgments:

The Idaho Housing and Finance Association had an estimated arbitrage rebate liability of \$1.2 million.

The Petroleum Clean Water Trust Fund had policy claim liabilities of \$4.2 million for unpaid losses and loss adjustments.

The Idaho Individual High-Risk Reinsurance Pool and the Idaho Small Employer Reinsurance Program had policy claim liabilities of \$2.1 million for unpaid claims.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

F. Changes in Long-Term Liabilities

The changes in long-term liabilities are summarized as follows (*dollars in thousands*):

Long-Term Liabilities	Balances at July 1, 2014 As Restated	Increases	Decreases	Balances at June 30, 2015	Amounts Due Within One Year
Primary Government					
Governmental Activities:					
Revenue Bonds	\$ 164,335		\$ (19,410)	\$ 144,925	\$ 8,120
(Premiums)/Discounts/Other	6,305		(851)	5,454	
Notes Payable	595,362	\$ 53,935	(27,530)	621,767	29,564
Total Bonds and Notes Payable	766,002	53,935	(47,791)	772,146	37,684
Capital Leases	25,862	90	(1,633)	24,319	1,504
Compensated Absences	49,466	52,157	(51,749)	49,874	49,874
Policy Claim Liabilities	14,305	4,844	(7,845)	11,304	3,381
Claims and Judgments	69,495	144,299	(42,945)	170,849	144,720
*Net Pension Liability	420,726	4,132	(248,831)	176,027	
Net OPEB Obligation	24,491	4,177	(3,210)	25,458	
Other Long-Term Obligations	6,114		(646)	5,468	
Total Governmental Activity	\$ 1,376,461	\$ 263,634	\$ (404,650)	\$ 1,235,445	\$ 237,163
Business-Type Activities:					
Revenue Bonds	\$ 438,006	\$ 96,150	\$ (71,649)	\$ 462,507	\$ 17,411
(Premiums)/Discounts	7,645	9,630	(2,236)	15,039	570
Notes Payable	105,919	35	(50,837)	55,117	52,338
Total Bonds and Notes Payable	551,570	105,815	(124,722)	532,663	70,319
Capital Leases	1,158		(378)	780	399
Compensated Absences	20,844	21,550	(20,754)	21,640	21,640
Net Pension Liability	82,893		(50,995)	31,898	
Net OPEB Obligation	18,847	3,693	(1,558)	20,982	
Other Long-Term Obligations	1,309		(170)	1,139	140
Total Business-Type Activity	\$ 676,621	\$ 131,058	\$ (198,577)	\$ 609,102	\$ 92,498
Component Units:					
Revenue Bonds	\$ 1,986,193	\$ 40,730	\$ (203,593)	\$ 1,823,330	\$ 380,588
(Premiums)/Discounts	49,416	3,313	(7,716)	45,013	1,843
Notes Payable	25,715	1,256	(999)	25,972	1,570
Total Bonds and Notes Payable	2,061,324	45,299	(212,308)	1,894,315	384,001
Compensated Absences		75	(48)	27	27
Policy Claim Liabilities	7,935	7,161	(8,841)	6,255	6,255
Claims and Judgments	2,197		(1,014)	1,183	
Total Component Unit Activity	\$ 2,071,456	\$ 52,535	\$ (222,211)	\$ 1,901,780	\$ 390,283

*Due to the implementation of GASB Statement No. 68 the prior year net pension obligation was removed from the financial statements and a net pension liability recorded. See Note 8 for more information.

Internal service funds predominantly serve the governmental funds. Accordingly, \$2.5 million of notes payable, \$0.9 million of compensated absences, \$14.3 million of policy claim liabilities, \$2.5 million of net pension liability, and \$0.3 million of net OPEB obligations were included in the governmental activities for internal service fund liabilities.

In the past, the compensated absences liability attributable to governmental activities has been liquidated by the General Fund, special revenue funds, and internal service funds. Primarily, the same funds that have been used in prior years will be used to liquidate the following other governmental activity long-term liabilities: policy claim liabilities will be liquidated through the State's Group

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015**

Insurance and Risk Management funds; claims and judgments will be liquidated by the Health and Welfare and Transportation special revenue funds, and nonmajor special revenue funds; the net pension obligation will be liquidated by the General Fund; the net OPEB obligation will be liquidated by the General Fund, Health and Welfare and Transportation special revenue funds, nonmajor special revenue funds, and internal service funds.

G. Conduit Debt

Primary Government

The Idaho Water Resource Board has outstanding revenue bonds for the promotion, construction, rehabilitation, and repair of water projects. The bonds are secured by the financed property and are payable solely from revenue of the projects. Upon payment of the bonds, ownership of the acquired facilities transfers to the entity served by the bond issuance. Such bonds do not constitute a debt or obligation of the State or any political subdivision, agency thereof, or of the Board except to the extent of the

revenues pledged under the indenture. Accordingly, these bonds are not reported in the accompanying financial statements. Seven series of Water Resource bonds that qualified as conduit debt are outstanding with an aggregate principal amount payable of \$85.2 million.

Component Unit

The Idaho Housing and Finance Association has outstanding bonds to provide financial assistance to entities for the construction of facilities deemed to be in the public interest. The bonds are secured by the financed property and are payable solely from payments received on the underlying investments. Upon repayment of the bonds, ownership of the constructed facilities transfers to the individuals served by the bond issuance. The Association is not obligated in any manner for repayment of these bonds. Accordingly, the bonds are not reported as Association liabilities. Forty series of bonds that meet the description of conduit debt obligations are outstanding with an aggregate principal amount payable of \$219.8 million.

NOTE 14. EQUITY

A. Restatement of Beginning Fund Balances and Net Position

The beginning net position of several funds increased due to the adjustment of pooled cash and investments with the State Treasurer's Office. The funds and amounts adjusted include:

- General Fund – \$10.6 million
- Transportation – \$2.8 million
- Nonmajor Governmental – \$3.1 million
- Unemployment Compensation – \$1.7 million
- Loan – \$0.4 million
- Nonmajor Enterprise – \$0.2 million
- Internal Service – \$0.9 million
- Agency – \$0.7 million

The following funds decreased due to the adjustment of pooled cash and investments with the State Treasurer's Office:

- Health and Welfare – \$0.8 million
- Land Endowments – \$0.2 million

The beginning net position of several funds decreased due to the implementation of GASB 68 related to pensions. The funds and amounts adjusted include:

- Governmental Activities - \$336.1 million
- Internal Service – \$5.6 million
- Colleges and Universities - \$63.9 million
- Nonmajor Enterprise - \$5.7 million

- Pension Trust - \$0.2 million

The beginning net position of the General Fund decreased by \$3.8 million and nonmajor governmental funds increased by \$3.8 million due to a change in the Diversified Bond Fund investments.

The beginning net position of the health and welfare funds decreased by \$0.8 million due to a restatement of amounts held in trust.

The government-wide Statement of Activities includes the above restatements in the Governmental and Business-Type Activities columns. In addition, Governmental Activities beginning net position decreased by \$22.3 million due to adjustments to infrastructure and construction-in-progress, and decreased by \$3.8 million due to adjustments of capital assets in a prior year.

B. Net Position Restricted by Enabling Legislation

Net position is reported as restricted when constraints are placed on net position use by external parties such as creditors, grantors, contributors, or other governments; or by state law through constitutional provisions or enabling legislation. Enabling legislation authorizes the State to assess, levy, charge, or otherwise mandate payment of resources and requires that those resources be used only for the purposes stipulated in the legislation.

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

The government-wide Statement of Net Position reported restricted net position of \$2.9 billion for governmental activities, \$1.2 billion for business-type activities, and \$699.4 million for component units. These amounts include \$378.1 million of net position restricted by enabling legislation for governmental activities and \$669.1 million of net position restricted by enabling legislation for business-type activities.

C. Governmental Fund Balances – Restricted, Committed, and Assigned

The governmental funds report a hierarchy of fund balance classifications based primarily on the extent to which the State is bound to honor limitations on the use of the funds' resources. When a fund has more than one

revenue stream, equity is classified according to the materiality of any limitations on the fund.

Restricted fund balances represent those amounts that are legally restricted for specific purposes due to limitations imposed by external parties, such as creditors and grantors, or imposed through constitutional provisions or enabling legislation.

Committed fund balances represent amounts that can only be used for a specific purpose imposed by formal action of the Legislature and signed by the Governor.

Assigned fund balances represent amounts the government intends to use for a specific purpose but are neither restricted nor committed.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

The following schedule presents the nature and purpose of these fund balances at June 30, 2015:

Restricted, Committed, and Assigned Governmental Fund Balances (dollars in thousands)				
Funds	Restricted	Committed	Assigned	Total
General				
Economic Development	\$ 286	\$ 6,989	\$ 14,576	\$ 21,851
Education	22,100	139,441	914	162,455
Environmental Quality		15,126		15,126
General Government Administrative Costs	1,260		17,849	19,109
Health and Human Services		22,957	1,439	24,396
Millennium Endowment Fund	247,097			247,097
Natural Resources			1,917	1,917
Opportunity College Scholarships		19,229		19,229
Public Safety	667		8,825	9,492
School Building Maintenance and Repair		17,215		17,215
State Building Construction and Maintenance		46,308		46,308
Transportation Projects		54,152		54,152
Veterans Recognition		17,750		17,750
Other Purposes	2,711	2	5,837	8,550
Total	\$ 274,121	\$ 339,169	\$ 51,357	\$ 664,647
Health and Welfare				
Health and Human Services		\$ 67		\$ 67
Total	\$ 0	\$ 67	\$ 0	\$ 67
Transportation and Transportation Infrastructure				
GARVEE Debt Service	\$ 41,027			\$ 41,027
Transportation Programs	196,527	\$ 2,403		198,930
Total	\$ 237,554	\$ 2,403	\$ 0	\$ 239,957
Land Endowments				
Endowment Fund Beneficiaries	\$ 392,507			\$ 392,507
Total	\$ 392,507	\$ 0	\$ 0	\$ 392,507
Nonmajor Special Revenue				
Agricultural Programs	\$ 41,373			\$ 41,373
Capital Projects	46			46
Corrections	4,456	\$ 1,532		5,988
Courts	1,350	2,624		3,974
Economic Development	27,775			27,775
Education	372	3,771		4,143
Employment Administration and Training Programs	19,030	16,425		35,455
Environmental Quality	85,908	24,692	\$ 2,201	112,801
Professional Licensing and Monitoring	82,735			82,735
Public Recreation	4,656	26,092		30,748
Public Safety	5,457	8,919		14,376
Soil Conservation Program	10,025			10,025
State Building Debt Service	7,488			7,488
State Land Management	21,002			21,002
Tourism and Promotion	8,148			8,148
Wildlife Management	51,258			51,258
Workers Compensation	22,930			22,930
Other Purposes	2,933	773		3,706
Total	\$ 396,942	\$ 84,828	\$ 2,201	\$ 483,971

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2015

D. Budget Stabilization and Minimum Fund Balance

The Legislature has the authority to set aside resources through the appropriation process for use in an emergency or when budgetary imbalances occur. The State has the following budget stabilization arrangements:

- The *Higher Education Budget Stabilization Fund* can only be used for the maintenance, use, and support of the colleges and universities subject to appropriation by the Legislature. Idaho Code Section 33-3726 requires interest earnings from the College and University Fund and other amounts provided for by law to be transferred into the Higher Education Budget Stabilization Fund. As of June 30, 2015, the fund balance was \$3.5 million.
- The *Budget Stabilization Fund* was created to cover General Fund revenue shortfalls, expenses incurred because of a major disaster declared by the Governor, or to provide any appropriated one-time tax relief payments to the citizens of Idaho. Idaho Code Section 57-814 requires that receipts to the General Fund for the fiscal year just ending that have exceeded the previous fiscal year's receipts by more than 4 percent be transferred to the Budget Stabilization Fund. The transfers should not be more than 1 percent of actual General Fund receipts for the fiscal year just ended. A concurrent resolution by the majority of the Legislature can require the State Controller to reduce the transfer. Idaho Code requires the transfer of 50 percent of any excess cash balance from the General Fund to the Budget Stabilization fund at the close of the current fiscal year. Appropriations from the Budget Stabilization Fund are limited to 50 percent after the fund balance has reached the 10 percent of General Fund receipts. Idaho Code Section 57-814A authorizes the Board of Examiners to transfer unencumbered moneys from the Budget Stabilization Fund to the General Fund, should General Fund moneys be insufficient to meet General Fund appropriations for

that same fiscal year. Such transfers are limited to the amount of the insufficiency or one-half of 1 percent, whichever is less. Idaho Code Section 67-3520 requires certain distributions be made from the cigarette and tobacco product tax revenues, with the remainder transferred to the Budget Stabilization Fund. As of June 30, 2015, the fund balance was \$252.8 million.

- The *Public Education Stabilization Fund* may be used to offset declining distributions from the public school earnings reserve, declining endowment distributions, and shortfalls in discretionary funding as spelled out in Idaho Code Section 33-1018. According to Idaho Code Sections 33-1018A and 33-1018B, the fund may also be used to cover any proportional share of the public schools' General Fund budgetary holdbacks, for state matching funds for the School District Building Fund, or for other purposes as stated in appropriation bills. Any accumulated balance greater than 8.34 percent of the current year's appropriation must be transferred to the Bond Levy Equalization Fund per Idaho Code Section 33-907. Additions to the Public Education Stabilization Fund are from interest, transfers, and appropriations. Idaho Code Section 33-905 requires any excess balance over the amount needed for school building maintenance and discretionary spending be transferred to the Public Education Stabilization Fund. As of June 30, 2015, the fund balance was \$90.9 million.
- Idaho Code Section 26-31-110 requires that the *Mortgage Recovery Fund*, part of the Regulatory nonmajor special revenue fund, maintain a minimum balance of \$1.5 million. The Mortgage Recovery Fund account, as defined in Idaho Code Section 26-31-109, is used to reimburse persons who have been awarded damages resulting from violations of the Idaho Residential Mortgage Practices Act.

NOTE 15. DONOR-RESTRICTED ENDOWMENTS

Primary Government

The Land Endowments fund has a nonexpendable permanent corpus and an earnings reserve account; the earnings reserve is used to receive earnings and to pay beneficiaries and expenses. The Endowment Fund Investment Board (EFIB) invests the revenues generated from the management and/or sale of endowment lands. The Board of Land Commissioners (Land Board) and the EFIB spend the net appreciation and other revenues in accordance with Idaho Code Title 57 Chapter 7 and Title 67 Chapter 16. Net appreciation on investments of

the donor-restricted endowments available for expenditure for the Land Endowments fund was \$3.1 million, which is included in net position restricted for permanent trust-expendable. The Land Board has set the current distribution policy for the endowments at 5 percent of the three-year rolling average permanent fund balances. EFIB may adjust the distributions depending on the amount in the earnings reserve accounts, transfers to the permanent funds, and other factors.

The Department of Parks and Recreation has a \$1.2 million donor-restricted endowment for the

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015**

preservation, operation, and management of the Ritter Island Unit of the Thousand Springs Complex. The Department of Parks and Recreation also has a \$2.5 million donor-restricted endowment for the management of the Trail of the Coeur d'Alenes. Only earnings from investments may be expended by the Idaho Parks and Recreation Board; although no less than 3 percent of the total value of the endowment shall be designated as earnings, even if such designation temporarily reduces the principal. The Board maintains sole discretion in determining the amount of earnings to be distributed to the Department of Parks and Recreation and to be deposited to increase the principal of the endowment. For the fiscal year ended, net appreciation available for expenditure was \$0.5 million, which is reported in net position restricted for other purposes.

Component Units

Endowments for the Boise State University Foundation, Eastern Idaho Technical College Foundation, Idaho State University Foundation, Lewis-Clark State College Foundation, and University of Idaho Foundation are managed in accordance with Idaho Code Title 33 Chapter 50 and rules adopted by their boards as specified below.

The Boise State University Foundation receives certain gift assets that are to be held in perpetuity for the benefit of the University. The endowments did not have any net appreciation during the fiscal year for expenditure. Accumulated earnings are reported in net position restricted for permanent trust-expendable. The Foundation has set a "total return" spending policy that specifies 4 percent of the three-year rolling average of the ending market value of each individual account be made available for expenditure toward the established purpose.

The Eastern Idaho Technical College Foundation receives certain gift assets that are to be held in perpetuity for the benefit of scholarships at the College. Accumulated earnings are reported in net position restricted for permanent trust-expendable. The Foundation determines

the amount to be paid out as scholarships to the College on an annual basis.

The Idaho State University Foundation receives certain gift assets that are to be held in perpetuity for the benefit of the University. The endowments had net appreciation of \$0.9 million during the fiscal year. Accumulated earnings are reported in net position restricted for permanent trust-expendable. Donor-imposed restrictions requiring earnings to be contributed back to the corpus are not formally complied with by the Foundation. The Foundation addresses this indirectly through the strategy established through its investment and spending policies. The Foundation has a policy of appropriating for annual distribution 4 percent of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end proceeding the current fiscal year.

The Lewis-Clark State College Foundation receives certain gift assets that are to be held in perpetuity for the benefit of the College. The endowments did not have any net appreciation during the fiscal year for expenditure. Accumulated earnings are reported in net position restricted for permanent trust-expendable. The Foundation established a spending rate of 4 percent of the five-year rolling average of the market value of each endowment account as of December 31 for each fiscal year. This amount may be reduced if an account has insufficient accumulated earnings to cover the payout.

The University of Idaho Foundation receives certain gift assets that are to be held in perpetuity for the benefit of the University. The endowments did not have any net appreciation during the fiscal year for expenditure. Unrealized appreciation (depreciation) is included in net position restricted for permanent trust-expendable. The Foundation Board of Directors establishes an annual spending rate. For fiscal year 2015, the spending rate was set at 4.4 percent of the three-year rolling average of the endowment's monthly fair market value.

NOTE 16. LITIGATION, CONTINGENCIES, COMMITMENTS, AND ENCUMBRANCES

A. Litigation and Contingencies

Primary Government

The State is a defendant in numerous legal proceedings pertaining to matters incidental to the performance of governmental operations. Such litigation includes, but is not limited to, claims asserted against the State arising from alleged torts, alleged breaches of contracts, condemnation proceedings, and other alleged violations of

state and federal laws. The State is unable to estimate the ultimate outcome or liability, if any, in respect to the various proceedings. However, the State believes that any ultimate liability resulting from these suits will not have a material effect on the financial condition of the State.

Idaho Code Section 33-5303 requires the State to guarantee the bonds of any school district qualified by the State Treasurer. If the State is required to make the bond payment of any school district, the State will redirect

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015**

distributions normally made to the school district to reimburse the State. As of June 30, 2015, the principal amount of qualified school district bonds outstanding was \$1.1 billion, and the interest amount outstanding was \$419.2 million.

Idaho Code Section 67-8716 requires the State to guarantee the bonds of any municipality qualified by the State Treasurer. If the State is required to make the bond payment of any municipality, the State will redirect distributions normally made to the municipality to reimburse the State. As of June 30, 2015, the Idaho Bond Bank Authority had a principal amount of qualified municipal bonds outstanding of \$400.1 million, and the interest amount outstanding was \$181.5 million. Five water and sewer districts do not have distributions to intercept in the event they are unable to make the bond payments. If the State is required to pay the obligation, the State will pursue legal action to recover the amount paid. The total principal outstanding for these districts is \$12.1 million, payable through 2029.

The State receives significant financial assistance from the federal government in the form of grants. The receipt of federal grants is generally conditioned upon compliance with terms and conditions of the grant agreements and is subject to financial and compliance audits. Questioned costs as a result of these audits may be disallowed after review by federal agencies. The State's opinion is that these questioned costs, if any, will not have a significant effect on the financial position of the State.

Revenue from federal grants includes amounts for the recovery of overhead and other costs. The State may be required to make refunds of federal reimbursements as a result of audits. The State's opinion is that these refunds, if any, will not have a significant effect on the financial position of the State.

B. Commitments

Primary Government

The Idaho Transportation Department (ITD) has a total of \$173.0 million in outstanding commitments for infrastructure and \$34.4 million for other capital asset-related construction projects underway at year-end. In addition, the ITD has a commitment to repay the Idaho Housing and Finance Association \$806.8 million in principal and \$448.4 million in interest related to Grant Anticipation Revenue Vehicle (GARVEE) bonds for construction costs to improve and enhance the State's highway infrastructure. To date, the ITD has borrowed \$794.4 million against the total; of that amount, \$175.7 million has been repaid, resulting in a \$618.7 million liability being recorded. Details can be

found in Note 13.

The Department of Health and Welfare has a total of \$9.9 million in outstanding commitments for capital asset-related construction projects underway at year-end.

The Department of Administration has a total of \$33.4 million in outstanding commitments for capital asset-related construction projects underway at year-end.

The colleges and universities estimate costs of \$55.4 million to complete a variety of capital asset-related construction projects underway at year-end.

The Department of Environmental Quality administers two revolving loan funds. The funds provide financing sources for the construction of publicly owned wastewater and drinking water treatment facilities. The Clean Water Loan fund had loan commitments of \$90.6 million and the Drinking Water Loan fund had commitments of \$18.8 million. These loan commitments will be funded either from new capitalization grants, generally 80 percent federal funds and 20 percent state matching dollars, or from accumulated repayments and investment revenues, which are perpetually appropriated for this purpose.

The Department of Correction has a contract with Management and Training Corporation to operate a 432-bed substance abuse treatment prison facility. The Department has committed to pay monthly per diems based on offender count. The fiscal year 2016 estimated cost is \$6.9 million.

The Judicial Branch estimates costs of \$14.2 million to complete a variety of capital asset-related construction projects underway at year-end, with a new court management information system implementation making up a significant portion of this amount.

The Department of Juvenile Corrections contracts with various private juvenile placement providers for care and rehabilitation services. Contract daily rates range from \$90 to \$360 per day. The estimated cost for fiscal year 2016 is \$6.0 million.

The Dairy Products Commission annually commits to participate in a national unified marketing plan for dairy products. The Commission's 2015 commitment to nutrition, product, and ingredient manufacturing research and marketing activities is \$7.0 million.

The Department of Fish and Game has a contract with The Active Network (formerly known as Outdoor Central) to facilities selling hunting and fishing licenses. The contract will expire in March 2018 and the total remaining cost is \$5.2 million.

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015**

The State Lottery maintains a contract with INTRALOT, Inc. through February 18, 2017, to pay 1.98 percent of total net sales and a \$3,466 monthly fee for a wireless tablet-reporting system to be used by Lottery's regional sales representatives. The State Lottery also has purchased prize annuities in the name of the individual winners, but is still liable in the event the insurance companies default on payments. The amount of payments for the year ended June 30, 2015, is \$15.1 million.

The Public Employee Retirement System of Idaho has a total of \$652.8 million and \$70.2 million in outstanding

commitments for investments to private equity partnerships.

Component Unit

The Idaho Housing and Finance Association has commitments to purchase \$627.6 million of single-family mortgages. The Association has commitments to sell or secure \$303.8 million of single-family mortgages.

C. Encumbrances

Encumbrances within the restricted, committed, and assigned fund balances of the governmental funds are as follows (*dollars in thousands*):

	General Fund	Health and Welfare	Transportation	Nonmajor Governmental
Encumbrances	\$ 40,903	\$ 13,239	\$ 27,310	\$ 17,928



NOTE 17. SUBSEQUENT EVENTS

Subsequent to June 30, 2015, the following events occurred:

Primary Government

On July 1, 2015, the Office of the State Treasurer issued tax anticipation notes in the amount of \$500.0 million. The notes were issued to cover temporary cash flow shortfalls and to finance the State's daily operations in anticipation of certain tax revenues of the State to be collected during the fourth quarter of the 2016 fiscal year. The notes mature on June 30, 2016.

Component Units

On July 8, 2015, the Idaho Housing and Finance Association issued 2015 Series A Single-Family Mortgage Bonds in the amount of \$63.5 million. On July 21, 2015, the Association issued 2015 Series A Grant and Revenue Anticipation (GARVEE) Bonds in the amount of \$172.5 million. Proceeds from the bonds were used to repay prior bonds.

Required Supplementary Information



Granite Lake

Required Supplementary Information
Budgetary Comparison Schedule
General Fund and Major Special Revenue Funds
For the Fiscal Year Ended June 30, 2015
(dollars in thousands)

	General			
	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
REVENUES				
Sales Tax	\$ 1,452,191	\$ 1,452,191	\$ 1,452,191	
Individual and Corporate Taxes	2,045,862	2,045,862	2,045,862	
Other Taxes	57,845	57,845	57,845	
Licenses, Permits, and Fees	20,950	20,950	20,950	
Sale of Goods and Services	28,909	28,909	28,909	
Grants and Contributions	12,401	12,401	12,401	
Investment Income	11,779	11,779	11,779	
Tobacco Settlement	24,183	24,183	24,183	
Other Income	45,469	45,469	45,469	
Total Revenues	\$ 3,699,589	\$ 3,699,589	3,699,589	
EXPENDITURES				
General Government	\$ 855,692	\$ 857,365	785,264	\$ 72,101
Public Safety and Correction	325,053	323,378	310,373	13,005
Health and Human Services	26,661	26,661	26,158	503
Education	1,938,031	1,941,771	1,887,373	54,398
Economic Development	56,956	57,067	47,656	9,411
Natural Resources	29,672	29,713	41,781	(12,068)
Total Expenditures	\$ 3,232,065	\$ 3,235,955	3,098,605	\$ 137,350
Revenues Over (Under) Expenditures			600,984	
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets			279	
Transfers In			194,517	
Transfers Out			(933,527)	
Total Other Financing Sources (Uses)			(738,731)	
Revenues and Other Financing Sources Over (Under)			(137,747)	
Expenditures and Other Financing Uses				
Reconciling Items				
Changes Affected by Accrued Revenues			(336,204)	
Changes Affected by Accrued Expenditures			664,853	
Fund Balances - Beginning of Year, as Restated			973,534	
Fund Balances - End of Year			\$ 1,164,436	

Health and Welfare				Transportation			
Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
\$ 28,660	\$ 28,660	\$ 28,660		\$ 242,686	\$ 242,686	\$ 242,686	
23,791	23,791	23,791		136,055	136,055	136,055	
232,315	232,315	232,315		6,326	6,326	6,326	
1,517,121	1,517,121	1,517,121		353,130	353,130	353,130	
274	274	274		1,031	1,031	1,031	
18,244	18,244	18,244		1,704	1,704	1,704	
<u>\$ 1,820,405</u>	<u>\$ 1,820,405</u>	<u>1,820,405</u>		<u>\$ 740,932</u>	<u>\$ 740,932</u>	<u>740,932</u>	
\$ 3,897	\$ 3,897	3,581	\$ 316				
2,528,067	2,550,148	2,461,405	88,743				
				\$ 856,598	\$ 859,291	720,988	\$ 138,303
<u>\$ 2,531,964</u>	<u>\$ 2,554,045</u>	<u>2,464,986</u>	<u>\$ 89,059</u>	<u>\$ 856,598</u>	<u>\$ 859,291</u>	<u>720,988</u>	<u>\$ 138,303</u>
		(644,581)				19,944	
		130				16,944	
		626,326					
		(9,565)				(16,642)	
		<u>616,891</u>				<u>302</u>	
		(27,690)				20,246	
		176,676				12,875	
		(152,484)				10,589	
		(7,144)				218,343	
		<u>\$ (10,642)</u>				<u>\$ 262,053</u>	

**Required Supplementary Information
For the Fiscal Year Ended June 30, 2015**

NOTE TO BUDGETARY REPORTING

Budgetary Process and Control

Budgets are adopted in accordance with Idaho Code Title 67 Chapter 35. In September of each year, state agencies submit requests for appropriations to the Governor's Office, Division of Financial Management (DFM), so an executive budget may be prepared. The budget is generally prepared by agency, fund, program, and object and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year. Legal level of budgetary control is maintained at the same level of detail as appropriated. Appropriated funds include the General Fund, special revenue funds, the capital projects fund, enterprise funds, internal service funds, earnings of the permanent fund, and pension trust funds. The appropriated funds are either appropriated annually or on a continuous basis. For those funds appropriated on a continuous basis, appropriation equals expenditures which can be made to the extent of available cash. Unexpended appropriation balances generally lapse at fiscal year-end unless reappropriated by the Legislature. Appropriations are subject to the provisions of Idaho Code Title 67 Chapter 36.

The Governor's budget recommendations are presented to the Legislature within the first five days of each regular legislative session, which begins in January. The Joint Finance and Appropriations Committee reviews the Governor's recommended budget, makes amendments, and prepares the annual appropriation bills for submission to both houses of the Legislature. A simple majority vote by both houses of the Legislature is required to pass the appropriation bills. The Governor has line item veto power over appropriation bills. Approval by two-thirds of both houses is required to override a governor's veto. The appropriation bills become the State's authorized operating budget upon the Governor's signature, or become law without the Governor's signature within five days after being presented to him, per Idaho Constitution Article IV Sections 10 and 11.

Agencies may request additional appropriations for the current year, which may be granted under authority of the Legislature. If expenditures are expected to exceed available cash, the State Board of Examiners (SBE) may authorize reduction of a portion of the General Fund appropriation. The Governor may issue an executive order for temporary reduction of spending authority, which is recorded in the accounting system as a negative supplemental appropriation. The Governor may call extraordinary sessions as provided by Article IV Section 9 of the Idaho Constitution.

Limitations exist regarding the extent to which management may modify an appropriation. Legislative approval is required for the transfer of appropriations from one fund to another. The following adjustments may be made, with the appropriate approval:

Idaho Code Section 67-3511(1) allows agencies to transfer spending authority between objects within a fund and program, with the exception of personnel costs. Appropriations for personnel costs may be transferred to other objects, but appropriations for other costs may not be transferred to personnel. Per Idaho Code Section 67-3511(3), appropriations for capital outlay may not be used for any other purpose, but appropriations for other objects may be transferred to capital outlay. The SBE must approve object transfers.

Idaho Code Section 67-3511(2) allows agencies to transfer spending authority from one program to another within an agency, provided the transfer is not more than 10 percent cumulative change from the appropriated amount for any program affected by the transfer. The DFM and the SBE must approve these transfers. The Legislature must approve transfers above 10 percent cumulative change.

Should any change occur that is not within the described limitations, legal compliance is not achieved.

The General Fund's natural resources function had a negative variance stemming from fire suppression deficiency warrants. This deficit is allowed by statute and will be funded with future appropriations. All other appropriated budgets of the State were within their authorized spending levels.

Budgetary Basis of Accounting

The State's legal budget is prepared using cash basis records. Revenues are generally recognized when cash is received. Expenditures are recorded when the related cash disbursement occurs. Encumbrances are allowed for budgetary control purposes. Fund balances are restricted or committed for obligations incurred for goods or services that have not been received. Encumbrances may be carried over to the next fiscal year with the approval of the DFM. The Budgetary Comparison Schedule is prepared on the budgetary basis and includes this variation from generally accepted accounting principles (GAAP). The original budget amount represents the original appropriation, prior year reappropriations, and continuous appropriations. The final budget amount includes the original budget plus supplemental (positive or negative)

Required Supplementary Information For the Fiscal Year Ended June 30, 2015

appropriations, Governor's holdbacks, Board of Examiners reductions, object transfers, actual transfers, and receipts to the appropriation. The reconciliation at the bottom of the Budgetary Comparison Schedule shows the difference between the budgetary basis and GAAP.

The State does not adopt a revenue budget. For financial reporting purposes, the Budgetary Comparison Schedule

reflects budgeted revenues as being equal to actual revenues. The State issues a separate Legal Basis Financial Report, which demonstrates legal compliance with the budget. A copy of this report may be viewed online at www.sco.idaho.gov. Look under "Accounting" and then "Financial Reports and Public Information."

INFRASTRUCTURE – MODIFIED APPROACH REPORTING

Under GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, governments are allowed an alternative to depreciation for their infrastructure assets, referred to as the modified approach. Using the modified approach, governments report maintenance and preservation expenses and do not report depreciation expense on qualifying assets. In order to use the modified approach, the State must manage the infrastructure assets using an asset management system and maintain those assets at established condition levels. The asset management system must meet all of the following requirements:

- Maintain an up-to-date inventory of eligible infrastructure assets
- Perform condition assessments of eligible assets and summarize the results using a measurement scale
- Annually estimate the cost to maintain and preserve the assets at the condition level established
- Document the condition level at which the assets are being preserved and maintained

The State of Idaho has chosen to use the modified approach in reporting the roadway network, which consists of approximately 12,269 lane miles.

Measurement Scale

The Idaho Transportation Department (ITD) determines the condition of the State's roadway surfaces by use of the Pavement Management System. The roadway surface condition is determined using three pavement-condition data elements: International Roughness Index, rutting depth, and pavement distress, collected as follows:

The International Roughness Index (IRI) is a primary indicator of pavement serviceability or the ability of a pavement to meet the demands and expectations of motorists. Idaho has adopted a roughness index (RI)

to correlate the measured IRI of the road surface to a 0.0-5.0 scale index, with 0.0 being extremely rough and 5.0 being smooth.

Rutting Depth is a primary indicator of pavement distress caused by fatigue in the roadway wheelpath. The ITD annually collects longitudinal profiles and rutting depths of all pavement management sections statewide.

The ITD uses a Class II-type profilometer to measure IRI and rutting depth. A Profiler Van mounted with a profilometer, laser sensors, and personal computers travels at normal posted speeds and collects and stores road-profile information at one-tenth of a foot intervals.

Pavement Distress (Cracking) is the final important indicator of pavement condition. The Profiler Van used to collect roughness and rutting information also collects video of the entire state highway system each year. The video equipment records images of both the forward facing view and a downward facing view so that pavement distress is easily seen. The pavement management engineer then uses this video or actual field observations to determine the type, extent, and severity of cracking within each pavement management section. A cracking index (CI) is calculated for each section. The CI rating is very similar to the RI with 5.0 corresponding to a section with little or no cracking and 0.0 representing a section with severe cracking.

Pavement surface condition assessment is dependent upon functional classification and is divided into two functional class categories: interstates and arterials, and collectors. The surface condition is measured by Roughness Index (RI), Rutting Depth, and Crack Index (CI). Each category has its own thresholds, which differ slightly depending on the assigned functional class. The measurement ranges for each of these conditions is shown in the following chart:

Required Supplementary Information

For the Fiscal Year Ended June 30, 2015

Condition: Roughness Index			Condition: Rutting			Condition: Cracking Index		
Pavement Condition	Functional Class		Pavement Condition	Functional Class		Pavement Condition	Functional Class	
	Interstate and Arterials	Collectors		Interstate and Arterials	Collectors		Interstate and Arterials	Collectors
Good	RI > 3.0	RI > 3.0	Good	0.00"- 0.24"	0.00"- 0.49"	Good	CI > 3.0	CI > 3.0
Fair	2.5 ≤ RI ≤ 3.0	2.0 ≤ RI ≤ 3.0	Fair	0.25"- 0.49"	0.50"- 0.99"	Fair	2.5 ≤ CI ≤ 3.0	2.0 ≤ CI ≤ 3.0
Poor	2.0 ≤ RI < 2.5	1.5 ≤ RI < 2.0	Poor	0.50"- 0.74"	1.00"- 1.49"	Poor	2.0 ≤ CI < 2.5	1.5 ≤ CI < 2.0
Very Poor	RI < 2.0	RI < 1.5	Very Poor	≥ 0.75"	≥ 1.50"	Very Poor	CI < 2.0	CI < 1.5

Established Condition Level

The ITD has established the condition level that no more than 30 percent of pavement shall be in poor or very poor condition. In calendar year 2014 the assessed level was maintained at 14.3 percent. Infrastructure preservation

and restoration is a priority for the State. As a result of this focus, the ITD has provided all available funds to meet these goals.

Assessed Condition Ratings of State Roadways

Most Recent Five Complete Condition Assessments										
Percent of Total Lane Miles per Pavement Condition										
	2014		2013		2012		2011		2010	
Good	7,507	61.2%	7,239	59.2%	7,614	62.3%	7,748	63.4%	7,531	62.8%
Fair	3,016	24.5%	3,240	26.5%	2,946	24.1%	2,849	23.3%	2,544	21.2%
Poor	1,480	12.1%	1,544	12.6%	1,479	12.1%	1,451	11.9%	1,651	13.8%
Very Poor	266	2.2%	213	1.7%	183	1.5%	174	1.4%	271	2.2%
Total Lane Miles	12,269	100%	12,236	100%	12,222	100%	12,222	100%	11,997	100%

Estimated and Actual Costs to Maintain

The information below reflects the State's estimate of spending necessary to preserve and maintain the roads at, or above, the established condition level, and the actual amount spent during the past six fiscal years (*dollars in thousands*):

	FY2016	FY2015	FY2014	FY2013	FY2012	FY2011	FY2010
Estimated	\$111,475	\$90,905	\$122,831	\$104,612	\$110,125	\$170,828	\$144,000
Actual		\$89,972	\$107,718	\$125,839	\$161,290	\$137,922	\$111,489

Actual costs were less than estimated costs in fiscal year 2015 by 1 percent.



**Required Supplementary Information
For the Fiscal Year Ended June 30, 2015**

PENSION

PERSI Base Plan

Schedule of Net Pension Liability Proportionate Share

(dollars in thousands)

	2015
Proportion of Net Pension Liability (NPL)	25.5%
Proportionate Share of NPL	\$ 187,540
Covered Employee Payroll	\$ 718,198
Proportionate Share of NPL as a Percentage of Covered Employee Payroll	26.1%
Plan Fiduciary Net Position	\$ 13,833,143
Plan Total Pension Liability	\$ 14,569,300
Plan Fiduciary Net Position as a Percentage of Plan Total Pension Liability	94.9%

Schedule of Contributions

(dollars in thousands)

	(a)	(b) Contributions in Relation to	(c) Contribution Deficiency (Excess) (a) - (b)	(d) Covered Employee Payroll	Contributions as a Percentage of Covered Payroll (b) : (d)
Fiscal Year Ended June 30	Actuarially Determined Contribution	Actuarially Determined Contribution			
2015	\$ 81,300	\$ 81,300	\$ 0	\$ 718,198	11.32%

Schedules above intended to show information for 10 years. Information for additional years will be displayed as they become available.

Required Supplementary Information
For the Fiscal Year Ended June 30, 2015

Judges' Retirement Fund

Schedule of Changes in Employer's Net Pension Liability (dollars in thousands)		2015
Total Pension Liability		
Service Cost	\$	3,251
Interest		6,590
Benefit Changes		
Economic/Demographic Gains (Losses)		285
Assumption Changes		
Benefit Payments, Including Refunds		(5,577)
Net Change in Total Pension Liability		4,549
Total Pension Liability - Beginning		92,303
Total Pension Liability - Ending (a)		96,852
Plan Net Position		
Contributions - Employer		3,596
Contributions - Employee		629
Net Investment Income		2,052
Transfer In		
Benefit Payments, Including Refunds		(5,577)
Administrative Expense		(96)
Net Change in Plan Net Position		604
Plan Fiduciary Net Position - Beginning		75,864
Plan Fiduciary Net Position - Ending (b)		76,468
Net Pension Liability - Ending (a) - (b)	\$	20,384
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		78.95%
Covered Employee Payroll	\$	6,149
Net Pension Liability as a Percentage of Covered Employee Payroll		331.50%

Schedule intended to show information for 10 years. Information for additional years will be displayed as it becomes available.

Required Supplementary Information

For the Fiscal Year Ended June 30, 2015

Schedule of Employer Contributions

(dollars in thousands)

Fiscal Year Ended June 30	(a) Actuarially Determined Contribution	(b) Contributions in Relation to Actuarially Determined Contribution	(c) Contribution Deficiency (Excess) (a) - (b)	(d) Covered Employee Payroll	Contributions as a Percentage of Covered Payroll (b) : (d)
2006	\$ 2,726	\$ 1,824	\$ 902	\$ 5,297	34.43%
2007	\$ 2,817	\$ 1,892	\$ 925	\$ 5,669	33.37%
2008	\$ 3,401	\$ 1,896	\$ 1,505	\$ 5,723	33.13%
2009	\$ 4,156	\$ 2,007	\$ 2,149	\$ 5,960	33.67%
2010	\$ 3,735	\$ 2,023	\$ 1,712	\$ 5,645	35.84%
2011	\$ 3,286	\$ 2,028	\$ 1,258	\$ 5,700	35.58%
2012	\$ 2,979	\$ 1,973	\$ 1,006	\$ 5,847	33.74%
2013	\$ 2,939	\$ 2,662	\$ 277	\$ 5,868	45.36%
2014	\$ 2,949	\$ 2,717	\$ 232	\$ 5,634	48.23%
2015	\$ 3,493	\$ 3,595	\$ (102)	\$ 6,149	58.46%

Schedule of Investment Returns

	2015	2014	2013
Annual Money Weighted Rate of Return, Net of Investment Expense	2.75%	16.89%	8.76%

Schedule intended to show information for 10 years. Information for additional years will be displayed as it becomes available.

Note to the Judges' Retirement Fund Schedules:

Assumptions Used to Calculate Actuarially Determined Contributions

Valuation Date	July 1, 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll - Open
Amortization Period	25 Years
Actuarial Assumptions:	
Investment Rate of Return - Gross	7.50%
Projected Salary Increases, Including Inflation	3.75%
Post-retirement Cost of Living Allowance Increases	1.00% or 3.75%
Implied Price Inflation Rate	3.25%

Required Supplementary Information
For the Fiscal Year Ended June 30, 2015
OTHER POSTEMPLOYMENT BENEFITS
Schedule of Funding Progress (dollars in thousands):

OPEB Plan	Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funded Ratios (1) : (2)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (3) : (5)
Retiree Healthcare	7/1/2012	\$ 0	\$ 15,751	\$ 15,751	0.0	\$811,758	1.9 %
	7/1/2013	\$ 0	\$ 15,208	\$ 15,208	0.0	\$862,810	1.8 %
	7/1/2014	\$ 0	\$ 23,260	\$ 23,260	0.0	\$907,637	2.6 %
Long-Term Disability Healthcare	7/1/2012	\$ 0	\$ 7,155	\$ 7,155	0.0	\$811,758	0.9 %
	7/1/2013	\$ 0	\$ 6,921	\$ 6,921	0.0	\$862,810	0.8 %
	7/1/2014	\$ 0	\$ 7,958	\$ 7,958	0.0	\$907,637	0.9 %
Life Insurance	7/1/2012	\$ 0	\$ 6,767	\$ 6,767	0.0	\$811,758	0.8 %
	7/1/2013	\$ 0	\$ 5,400	\$ 5,400	0.0	\$862,810	0.6 %
	7/1/2014	\$ 0	\$ 4,408	\$ 4,408	0.0	\$907,637	0.5 %
Income	7/1/2012	\$ 0	\$ 4,065	\$ 4,065	0.0	\$811,758	0.5 %
	7/1/2013	\$ 0	\$ 3,622	\$ 3,622	0.0	\$862,810	0.4 %
	7/1/2014	\$ 0	\$ 3,088	\$ 3,088	0.0	\$907,637	0.3 %
Retiree Life Insurance	7/1/2012	\$ 0	\$ 39,563	\$ 39,563	0.0	\$264,491	15.0 %
	7/1/2013	\$ 0	\$ 42,353	\$ 42,353	0.0	\$271,768	15.6 %
	7/1/2014	\$ 0	\$ 36,444	\$ 36,444	0.0	\$285,407	12.8 %
University of Idaho	7/1/2012	\$ 24,753	\$ 63,465	\$ 38,712	39.0	\$123,592	31.3 %
	7/1/2013	\$ 28,271	\$ 61,476	\$ 33,205	46.0	\$132,777	25.0 %
	7/1/2014	\$ 29,768	\$ 62,465	\$ 32,697	47.7	\$140,728	23.2 %

Schedule of Employer Contributions (dollars in thousands):

OPEB Plan	Fiscal Year Ended	Annual Required Contribution (ARC)	Actual Contributions	Actual Contributions as Percentage of ARC
Retiree Life Insurance	6/30/2013	\$ 3,269	\$ 535	16.37%
	6/30/2014	\$ 3,432	\$ 582	16.96%
	6/30/2015	\$ 3,827	\$ 637	16.64%
University of Idaho*	6/30/2013	\$ 3,723	\$ 4,404	118.29%
	6/30/2014	\$ 3,368	\$ 3,178	94.36%
	6/30/2015	\$ 3,177	\$ 3,233	101.76%

* 2013 Annual Required Contribution and Actual Contributions as Percentage of ARC restated.

Combining Financial Statements



Imogene Lake



NONMAJOR GOVERNMENTAL FUNDS include nonmajor special revenue funds, and a capital projects fund. The following provides a brief description of the nonmajor governmental funds.

NONMAJOR SPECIAL REVENUE FUNDS account for specific revenues that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

The Agriculture and Natural Resources Fund accounts for the financial position and operations associated with the maintenance, preservation, and regulation of the State's parks, water, air, and agricultural resources. The major sources of funding are dedicated user fees, taxes, and federal grants.

The Regulatory Fund accounts for the financial position and operations associated with various professional licensing and monitoring functions. The major sources of funding are taxes and license fees.

The Fish and Game Fund accounts for the financial position and operations associated with enforcing and administering the fish and game laws in Idaho and perpetuating and managing the State's wildlife resources. The major sources of funding are dedicated user fees and federal grants.

The Federal Fund accounts for a portion of the financial position and operations associated with federal grants received by the State. Some federal grants are included in other funds of the State.

The Miscellaneous Fund accounts for the financial position and operations associated with general government services. The major sources of funding are provided by the sale of goods and services, miscellaneous taxes, fees, and other revenues.

The Building Authority accounts for the financial position and operations associated with the construction and financing of facilities, such as office buildings and parking garages to be used by the State. The major sources of funding are the sale of goods and services and bonds issued. The Building Authority is a blended component unit.

THE CAPITAL PROJECTS FUND accounts for specific revenues that are restricted, committed, or assigned to finance construction of capital assets.

The Transportation Infrastructure Fund accounts for the financial position and operations associated with the construction and financing of roads, bridges, and rest areas. The major sources of funding are provided by federal highway funds and notes issued.

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2015

(dollars in thousands)

	Special Revenue		
	Agriculture and Natural Resources	Regulatory	Fish and Game
ASSETS			
Cash and Cash Equivalents	\$ 3,272	\$ 1,006	
Pooled Cash and Investments	83,810	67,721	\$ 15,605
Investments	40,858	19,626	4,435
Securities Lending Collateral	16,786	12,506	3,645
Accounts Receivable, Net	2,949	714	1,095
Taxes Receivable, Net	3,701		
Interfund Receivables		13	310
Due from Other Entities	2,910		8,026
Inventories and Prepaid Items	2,849	771	7,852
Loans, Notes, and Pledges Receivable, Net	3,886		10
Other Assets	382	155	74
Restricted Assets:			
Cash and Cash Equivalents	13,575	1,003	4,609
Investments	74,476		26,000
Total Assets	\$ 249,454	\$ 103,515	\$ 71,661
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 4,131	\$ 170	\$ 1,416
Payroll and Related Liabilities	3,266	1,743	2,925
Interfund Payables	87	7	67
Due to Other Entities	25	18	5
Unearned Revenue	3,721	4,013	
Amounts Held in Trust for Others	904	322	5
Obligations Under Securities Lending	17,636	13,139	3,829
Other Accrued Liabilities	531	572	1,316
Total Liabilities	30,301	19,984	9,563
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows	447	25	214
Fund Balances			
Nonspendable:			
Permanent Trusts			2,774
Inventories and Prepaid Items	2,849	771	7,852
Noncurrent Receivables			
Restricted	162,872	82,735	51,258
Committed	50,784		
Assigned	2,201		
Total Fund Balances	218,706	83,506	61,884
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 249,454	\$ 103,515	\$ 71,661

			Capital Projects		
Federal	Miscellaneous	Building Authority	Transportation Infrastructure	Total	
		\$ 2,536		\$ 6,814	
\$ 13,507	\$ 88,307		\$ 45	268,995	
355	16,043	315		81,632	
5,119	15,619		203	53,878	
473	10,544		4,461	20,236	
	1,411			5,112	
281	468			1,072	
44,566				55,502	
814	2,673			14,959	
				3,896	
34	391	17	1	1,054	
14,553	525	2,887		37,152	
		1,762		102,238	
<u>\$ 79,702</u>	<u>\$ 135,981</u>	<u>\$ 7,517</u>	<u>\$ 4,710</u>	<u>\$ 652,540</u>	
\$ 32,825	\$ 1,708	\$ 29	\$ 3,594	\$ 43,873	
4,776	3,024			15,734	
1,579	127			1,867	
7	23			78	
2,417	153			10,304	
				1,231	
5,378	16,409		214	56,605	
504	168			3,091	
<u>47,486</u>	<u>21,612</u>	<u>29</u>	<u>3,808</u>	<u>132,783</u>	
6,449	10,062		856	18,053	
				2,774	
814	2,673			14,959	
24,953	67,590	7,488	46	396,942	
	34,044			84,828	
				2,201	
<u>25,767</u>	<u>104,307</u>	<u>7,488</u>	<u>46</u>	<u>501,704</u>	
<u>\$ 79,702</u>	<u>\$ 135,981</u>	<u>\$ 7,517</u>	<u>\$ 4,710</u>	<u>\$ 652,540</u>	

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2015

(dollars in thousands)

	Special Revenue			
	Agriculture and Natural Resources	Regulatory	Fish and Game	Federal
REVENUES				
Sales Tax	\$ 4,800			
Other Taxes	38,893	\$ 74,867		
Licenses, Permits, and Fees	45,880	54,164	\$ 37,806	
Sale of Goods and Services	3,616	1,272	209	\$ 125
Grants and Contributions	31,436		52,192	427,919
Investment Income	2,572	494	655	43
Other Income	56,854	1,191	14,990	525
Total Revenues	184,051	131,988	105,852	428,612
EXPENDITURES				
Current:				
General Government		3,405		58,597
Public Safety and Correction		2,865		8,434
Education				235,768
Economic Development	47,235	46,810	139	69,903
Natural Resources	68,868	822	78,556	9,463
Capital Outlay	5,531	933	8,348	6,103
Intergovernmental Revenue Sharing	12,860		16	32,569
Debt Service:				
Principal Retirement			477	4
Interest and Other Charges	57	1	315	17
Total Expenditures	134,551	54,836	87,851	420,858
Revenues Over (Under) Expenditures	49,500	77,152	18,001	7,754
OTHER FINANCING SOURCES (USES)				
Bonds and Notes Issued				90
Capital Lease Acquisitions				117
Sale of Capital Assets	107	22	1,177	500
Transfers In	16,942	2	412	(1,708)
Transfers Out	(2,653)	(71,681)	(136)	
Total Other Financing Sources (Uses)	14,396	(71,657)	1,453	(1,001)
Net Changes in Fund Balances	63,896	5,495	19,454	6,753
Fund Balances - Beginning of Year, as Restated	154,810	78,011	42,430	19,014
Fund Balances - End of Year	\$ 218,706	\$ 83,506	\$ 61,884	\$ 25,767

Capital Projects				
Miscellaneous	Building Authority	Transportation Infrastructure	Total	
\$ 1,544			\$ 6,344	
26,161			139,921	
28,418			166,268	
14,965	\$ 26,828		47,015	
55			511,602	
1,173	119	\$ 5,194	10,250	
11,924	32	24	85,540	
84,240	26,979	5,218	966,940	
6,202	364		68,568	
53,808			65,107	
3,465			239,233	
27,003		1,573	192,663	
69			157,778	
6,285	1,074	57,660	85,934	
10,140			55,585	
	19,550		20,031	
53	6,798		7,241	
107,025	27,786	59,233	892,140	
(22,785)	(807)	(54,015)	74,800	
		53,935	53,935	
			90	
93			1,516	
33,523			51,379	
(460)			(76,638)	
33,156		53,935	30,282	
10,371	(807)	(80)	105,082	
93,936	8,295	126	396,622	
\$ 104,307	\$ 7,488	\$ 46	\$ 501,704	

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2015

(dollars in thousands)

	Special Revenue			
	Agricultural and Natural Resources			
	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
REVENUES				
Sales Tax	\$ 4,800	\$ 4,800	\$ 4,800	
Other Taxes	38,640	38,640	38,640	
Licenses, Permits, and Fees	45,630	45,630	45,630	
Sale of Goods and Services	3,528	3,528	3,528	
Grants and Contributions	32,457	32,457	32,457	
Investment Income	1,169	1,169	1,169	
Other Income	4,197	4,197	4,197	
Total Revenues	\$ 130,421	\$ 130,421	130,421	
EXPENDITURES				
General Government				
Public Safety and Correction				
Health and Human Services				
Education				
Economic Development	\$ 50,997	\$ 51,056	47,949	\$ 3,107
Natural Resources	110,546	111,314	87,793	23,521
Total Expenditures	\$ 161,543	\$ 162,370	135,742	\$ 26,628
Revenues Over (Under) Expenditures			(5,321)	
OTHER FINANCING SOURCES (USES)				
Bonds and Notes Issued				
Capital Lease Acquisitions				
Sale of Capital Assets			107	
Transfers In			16,942	
Transfers Out			(2,653)	
Total Other Financing Sources (Uses)			14,396	
Revenues and Other Financing Sources Over (Under)			9,075	
Expenditures and Other Financing Uses				
Reconciling Items				
Changes Affected by Accrued Revenues			53,630	
Changes Affected by Accrued Expenditures			1,191	
Fund Balances - Beginning of Year, as Restated			154,810	
Fund Balances - End of Year			\$ 218,706	

continued

Special Revenue							
Regulatory				Fish and Game			
Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
\$ 80,152	\$ 80,152	\$ 80,152					
54,161	54,161	54,161		\$ 37,806	\$ 37,806	\$ 37,806	
1,189	1,189	1,189		209	209	209	
				49,354	49,354	49,354	
412	412	412		277	277	277	
998	998	998		896	896	896	
<u>\$ 136,912</u>	<u>\$ 136,912</u>	<u>136,912</u>		<u>\$ 88,542</u>	<u>\$ 88,542</u>	<u>88,542</u>	
\$ 3,406	\$ 3,406	3,406					
3,437	3,450	2,965	\$ 485				
54,488	54,539	48,999	5,540	\$ 216	\$ 216	100	\$ 116
1,418	1,418	846	572	99,570	100,449	88,284	12,165
<u>\$ 62,749</u>	<u>\$ 62,813</u>	<u>56,216</u>	<u>\$ 6,597</u>	<u>\$ 99,786</u>	<u>\$ 100,665</u>	<u>88,384</u>	<u>\$ 12,281</u>
		<u>80,696</u>				<u>158</u>	
		22				1,177	
		2				412	
		<u>(71,681)</u>				<u>(136)</u>	
		<u>(71,657)</u>				<u>1,453</u>	
		9,039				1,611	
		(4,924)				17,310	
		1,380				533	
		<u>78,011</u>				<u>42,430</u>	
		<u>\$ 83,506</u>				<u>\$ 61,884</u>	

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance**Budget and Actual****Nonmajor Governmental Funds****For the Fiscal Year Ended June 30, 2015***(dollars in thousands)*

	Special Revenue			
	Federal			Variance with Final Budget
	Original Budget	Final Budget	Actual Amounts Budgetary Basis	
REVENUES				
Sales Tax				
Other Taxes				
Licenses, Permits, and Fees				
Sale of Goods and Services	\$ 77	\$ 77	\$ 77	
Grants and Contributions	442,734	442,734	442,734	
Investment Income	47	47	47	
Other Income	477	477	477	
Total Revenues	<u>\$ 443,335</u>	<u>\$ 443,335</u>	<u>443,335</u>	
EXPENDITURES				
General Government	\$ 93,514	\$ 100,015	73,922	\$ 26,093
Public Safety and Correction	16,310	16,678	11,394	5,284
Health and Human Services				
Education	270,840	320,627	281,791	38,836
Economic Development	93,488	93,543	77,742	15,801
Natural Resources	17,686	21,316	13,258	8,058
Total Expenditures	<u>\$ 491,838</u>	<u>\$ 552,179</u>	<u>458,107</u>	<u>\$ 94,072</u>
Revenues Over (Under) Expenditures			<u>(14,772)</u>	
OTHER FINANCING SOURCES (USES)				
Bonds and Notes Issued				
Capital Lease Acquisitions			90	
Sale of Capital Assets			117	
Transfers In			500	
Transfers Out			(1,708)	
Total Other Financing Sources (Uses)			<u>(1,001)</u>	
Revenues and Other Financing Sources Over (Under)			<u>(15,773)</u>	
Expenditures and Other Financing Uses				
Reconciling Items				
Changes Affected by Accrued Revenues			(14,723)	
Changes Affected by Accrued Expenditures			37,249	
Fund Balances - Beginning of Year, as Restated			<u>19,014</u>	
Fund Balances - End of Year			<u>\$ 25,767</u>	

continued

Special Revenue							
Miscellaneous				Building Authority			
Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
\$ 1,544	\$ 1,544	\$ 1,544					
22,005	22,005	22,005					
28,130	28,130	28,130					
11,565	11,565	11,565		\$ 26,828	\$ 26,828	\$ 26,828	
1,467	1,467	1,467					
1,137	1,137	1,137		119	119	119	
12,336	12,336	12,336		32	32	32	
<u>\$ 78,184</u>	<u>\$ 78,184</u>	<u>78,184</u>		<u>\$ 26,979</u>	<u>\$ 26,979</u>	<u>26,979</u>	
\$ 8,595	\$ 8,595	8,446	\$ 149	\$ 27,786	\$ 27,786	27,786	
73,149	73,616	62,114	11,502				
6,783	6,985	4,472	2,513				
40,351	43,542	33,060	10,482				
125	125	77	48				
<u>\$ 129,003</u>	<u>\$ 132,863</u>	<u>108,169</u>	<u>\$ 24,694</u>	<u>\$ 27,786</u>	<u>\$ 27,786</u>	<u>27,786</u>	
		(29,985)				(807)	
		93					
		33,523					
		(460)					
		<u>33,156</u>					
		3,171				(807)	
		6,056					
		1,144					
		<u>93,936</u>				<u>8,295</u>	
		<u>\$ 104,307</u>				<u>\$ 7,488</u>	

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2015

(dollars in thousands)

	Capital Projects			
	Transportation Infrastructure			
	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
REVENUES				
Sales Tax				
Other Taxes				
Licenses, Permits, and Fees				
Sale of Goods and Services				
Grants and Contributions				
Investment Income	\$ 5,193	\$ 5,193	\$ 5,193	
Other Income	24	24	24	
Total Revenues	<u>\$ 5,217</u>	<u>\$ 5,217</u>	<u>5,217</u>	
EXPENDITURES				
General Government				
Public Safety and Correction				
Health and Human Services				
Education				
Economic Development	\$ 59,286	\$ 59,286	59,286	
Natural Resources				
Total Expenditures	<u>\$ 59,286</u>	<u>\$ 59,286</u>	<u>59,286</u>	
Revenues Over (Under) Expenditures			<u>(54,069)</u>	
OTHER FINANCING SOURCES (USES)				
Bonds and Notes Issued			53,935	
Capital Lease Acquisitions				
Sale of Capital Assets				
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)			<u>53,935</u>	
Revenues and Other Financing Sources Over (Under)			<u>(134)</u>	
Expenditures and Other Financing Uses				
Reconciling Items				
Changes Affected by Accrued Revenues			1	
Changes Affected by Accrued Expenditures			53	
Fund Balances - Beginning of Year, as Restated			<u>126</u>	
Fund Balances - End of Year			<u>\$ 46</u>	

Total			
Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
\$ 6,344	\$ 6,344	\$ 6,344	
140,797	140,797	140,797	
165,727	165,727	165,727	
43,396	43,396	43,396	
526,012	526,012	526,012	
8,354	8,354	8,354	
18,960	18,960	18,960	
<u>\$ 909,590</u>	<u>\$ 909,590</u>	<u>909,590</u>	
\$ 133,301	\$ 139,802	113,560	\$ 26,242
92,896	93,744	76,473	17,271
277,623	327,612	286,263	41,349
298,826	302,182	267,136	35,046
229,345	234,622	190,258	44,364
<u>\$ 1,031,991</u>	<u>\$ 1,097,962</u>	<u>933,690</u>	<u>\$ 164,272</u>
		(24,100)	
		53,935	
		90	
		1,516	
		51,379	
		<u>(76,638)</u>	
		<u>30,282</u>	
		6,182	
		57,350	
		41,550	
		<u>396,622</u>	
		<u>\$ 501,704</u>	

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances**Budget and Actual****Major Permanent Fund****For the Fiscal Year Ended June 30, 2015***(dollars in thousands)*

	Land Endowments			
	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
REVENUES				
Sale of Goods and Services	\$ 85,551	\$ 85,551	\$ 85,551	
Investment Income	53,160	53,160	53,160	
Total Revenues	<u>\$ 138,711</u>	<u>\$ 138,711</u>	<u>138,711</u>	
EXPENDITURES				
Natural Resources	\$ 42,199	\$ 42,119	34,953	\$ 7,166
Total Expenditures	<u>\$ 42,199</u>	<u>\$ 42,119</u>	<u>34,953</u>	
Revenues Over (Under) Expenditures			<u>103,758</u>	
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets			39,119	
Transfers Out			(52,078)	
Total Other Financing Sources (Uses)			<u>(12,959)</u>	
Revenues and Other Financing Sources Over (Under)			<u>90,799</u>	
Expenditures and Other Financing Uses				
Reconciling Items				
Changes Affected by Accrued Revenues			3	
Changes Affected by Accrued Expenditures			(398)	
Fund Balances - Beginning of Year, as Restated			<u>1,757,498</u>	
Fund Balances - End of Year			<u>\$ 1,847,902</u>	

NONMAJOR ENTERPRISE FUNDS account for those funds that provide goods or services to the general public and finance their operations primarily through user charges. The following provides a brief description of the nonmajor enterprise funds.

The State Lottery Fund accounts for the financial position and operations associated with lottery games. Established by the Legislature in 1988, the State Lottery's purpose is to adopt rules and regulations governing the establishment and operation of lottery games, to oversee lottery operations, and to maximize the net income of the lottery for the benefit of the State. Annually, on July 1, the State Lottery's surplus net income is distributed evenly between the permanent building account and the school district building account as dictated by Idaho Code Section 67-7434.

The State Liquor Fund accounts for the financial position and operations associated with the distribution, sale, and consumption of alcoholic beverages. Per Idaho Code Section 23-404, after deducting administrative and operating costs for the Liquor Division, distributions are made to cities, counties, the General Fund, and various other funds of the State.

The Correctional Industries Fund accounts for the financial position and operations associated with employment for inmates of the Department of Correction. Correctional Industries manufactures and sells a variety of items including license plates, furniture, highway signs, printing services, and other products and services.

Combining Statement of Net Position

Nonmajor Enterprise Funds

June 30, 2015

(dollars in thousands)

	State Lottery	State Liquor	Correctional Industries	Total
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 2,679			\$ 2,679
Pooled Cash and Investments		\$ 12,635	\$ 4,566	17,201
Securities Lending Collateral		2,026	801	2,827
Accounts Receivable, Net	2,476	188	393	3,057
Interfund Receivables			300	300
Inventories and Prepaid Items	134	15,864	1,504	17,502
Other Current Assets		156	5	161
Total Current Assets	5,289	30,869	7,569	43,727
Noncurrent Assets				
Restricted Cash and Cash Equivalents	43,632			43,632
Other Noncurrent Assets		1	1	2
Capital Assets, Net	369	9,952	3,212	13,533
Total Noncurrent Assets	44,001	9,953	3,213	57,167
Total Assets	49,290	40,822	10,782	100,894
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows	257	857	195	1,309
Total Assets and Deferred Outflows of Resources	\$ 49,547	\$ 41,679	\$ 10,977	\$ 102,203
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 1,526	\$ 10,475	\$ 150	\$ 12,151
Payroll and Related Liabilities	191	600	132	923
Interfund Payables		5,308	37	5,345
Due to Other Entities		6,103	1	6,104
Obligations Under Securities Lending		2,129	842	2,971
Other Accrued Liabilities	3,090	1		3,091
Compensated Absences Payable	135	485	99	719
Bonds, Notes, and Capital Leases Payable	29			29
Total Current Liabilities	4,971	25,101	1,261	31,333
Noncurrent Liabilities				
Bonds, Notes, and Capital Leases Payable	35			35
Other Long-Term Obligations	527	2,001	416	2,944
Total Noncurrent Liabilities	562	2,001	416	2,979
Total Liabilities	5,533	27,102	1,677	34,312
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows	726	2,343	498	3,567
NET POSITION				
Net Investment in Capital Assets	305	9,952	3,212	13,469
Restricted for:				
Other Purposes	42,983	2,282	5,590	50,855
Total Net Position	43,288	12,234	8,802	64,324
Total Liabilities and Net Position	\$ 49,547	\$ 41,679	\$ 10,977	\$ 102,203

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**Nonmajor Enterprise Funds****For the Fiscal Year Ended June 30, 2015***(dollars in thousands)*

	State Lottery	State Liquor	Correctional Industries	Total
OPERATING REVENUES				
Licenses, Permits, and Fees		\$ 5		\$ 5
Sale of Goods and Services	\$ 210,874	175,749	\$ 8,177	394,800
Other Income	65	306	560	931
Total Operating Revenues	210,939	176,060	8,737	395,736
OPERATING EXPENSES				
Personnel Costs	2,475	10,417	2,058	14,950
Services and Supplies	25,883	97,118	4,088	127,089
Benefits, Awards, and Premiums	136,769			136,769
Depreciation	49	732	487	1,268
Other Expenses	266	4,679	1,519	6,464
Total Operating Expenses	165,442	112,946	8,152	286,540
Operating Income (Loss)	45,497	63,114	585	109,196
NONOPERATING REVENUES (EXPENSES)				
Investment Income	1	(20)	(5)	(24)
Interest Expense	(3)	(7)	(3)	(13)
Intergovernmental Distributions		(30,500)		(30,500)
Gain (Loss) on Sale of Capital Assets		(16)		(16)
Other Nonoperating Revenues (Expenses)				
Total Nonoperating Revenues (Expenses)	(2)	(30,543)	(8)	(30,553)
Income (Loss) Before Transfers	45,495	32,571	577	78,643
Transfers Out	(49,000)	(30,522)		(79,522)
Change in Net Position	(3,505)	2,049	577	(879)
Total Net Position - Beginning of Year, as Restated	46,793	10,185	8,225	65,203
Total Net Position - End of Year	\$ 43,288	\$ 12,234	\$ 8,802	\$ 64,324

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2015

(dollars in thousands)

	State Lottery	State Liquor	Correctional Industries	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$ 210,597	\$ 175,857	\$ 4,395	\$ 390,849
Receipts from Interfund Services		12	4,086	4,098
Payments to Employees	(2,595)	(10,864)	(2,148)	(15,607)
Payments to Suppliers	(26,450)	(100,178)	(5,315)	(131,943)
Payments for Interfund Services		(499)	(145)	(644)
Payments for Benefits, Awards, and Claims	(136,485)			(136,485)
Net Cash Provided (Used) by Operating Activities	45,067	64,328	873	110,268
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intergovernmental Distributions		(31,200)		(31,200)
Transfers Out	(49,000)	(31,130)		(80,130)
Net Cash Provided (Used) by Noncapital Financing Activities	(49,000)	(62,330)		(111,330)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING				
Proceeds from Bonds and Notes	35			35
Principal Payments	(38)			(38)
Interest Payments	(3)			(3)
Proceeds from Disposition of Capital Assets				
Acquisition and Construction of Capital Assets	(276)	(76)	(512)	(864)
Net Cash Provided (Used) by Capital and Related Financing Activities	(282)	(76)	(512)	(870)
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipt of Interest and Dividends	1	50	20	71
Other Investing Activities		118	33	151
Net Cash Provided (Used) by Investing Activities	1	168	53	222
Net Increase (Decrease) in Cash, Cash Equivalents, and Pooled Cash	(4,214)	2,090	414	(1,710)
Beginning Cash, Cash Equivalents, and Pooled Cash	50,525	10,545	4,152	65,222
Ending Cash, Cash Equivalents, and Pooled Cash	\$ 46,311	\$ 12,635	\$ 4,566	\$ 63,512
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 45,497	\$ 63,114	\$ 585	\$ 109,196
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by				
Depreciation and Amortization	49	732	487	1,268
Net Changes in Assets and Liabilities:				
Accounts Receivable/Interfund Receivables	(617)	(177)	(256)	(1,050)
Inventories and Prepaid Items		221	204	425
Other Assets	(26)	(12)	1	(37)
Accounts Payable/Interfund Payables	319	899	(59)	1,159
Compensated Absences		21	8	29
Other Accrued Liabilities	(155)	(470)	(97)	(722)
Net Cash Provided (Used) by Operating Activities	\$ 45,067	\$ 64,328	\$ 873	\$ 110,268
Noncash Transactions (dollars in thousands):				

Prior period adjustment for restatement of pooled cash and investments was recorded in State Liquor for \$153 and Correctional Industries for \$46. Prior period adjustment for restatement of net position due to the implementation of GASB Statement No. 68 was recorded in State Liquor for \$3,714 and Correctional Industries for \$790. State Liquor recorded an interfund transfer of \$608 and disposed of assets at a loss of \$16. State Liquor recorded an interfund payable of \$608 due on July 1, 2015.

INTERNAL SERVICE FUNDS account for those funds which provide goods or services to state agencies and governmental units on a cost-reimbursement basis. The following provides a brief description of operations included in the internal service funds.

The Group Insurance Fund, created by Idaho Code Section 67-5771, accounts for health insurance for all state employees and optional coverage for dependents and retirees. The fund also provides life insurance and short and long-term disability coverage.

The Risk Management Fund, created by Idaho Code Section 67-5776, accounts for insurance coverage and loss prevention to all state agencies. Coverage is provided using a combination of self-insurance and insurance purchased from commercial carriers.

The General Services Fund, created by Idaho Code Sections 67-5703, 67-5744, and 67-3516, accounts for statewide auditing, human resources, treasury, surplus property redistribution and sale, copying, purchasing, mail, and voice and data communication services.

The Data Processing Services Fund, created by Idaho Code Section 67-1021, accounts for data processing services provided by the Office of the State Controller to the various state agencies. In addition, the State Department of Education provides data processing services to local school districts and some state agencies.

Combining Statement of Net Position**Internal Service Funds****June 30, 2015***(dollars in thousands)*

	Group Insurance	Risk Management	General Services	Data Processing Services	Total
ASSETS					
Current Assets					
Pooled Cash and Investments	\$ 25,649	\$ 8,074	\$ 8,500	\$ 4,132	\$ 46,355
Securities Lending Collateral	8,548	1,417	1,490	713	12,168
Accounts Receivable, Net	439	72	172	38	721
Interfund Receivables		6	115	598	719
Inventories and Prepaid Items			1,499	1,326	2,825
Other Current Assets	3,142	40	9	4	3,195
Total Current Assets	37,778	9,609	11,785	6,811	65,983
Noncurrent Assets					
Restricted Cash and Cash Equivalents	24,281				24,281
Investments	23,939	7,825			31,764
Other Noncurrent Assets	1	2			3
Capital Assets, Net	3	3	13,487	673	14,166
Total Noncurrent Assets	48,224	7,830	13,487	673	70,214
Total Assets	86,002	17,439	25,272	7,484	136,197
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows	41	42	811	423	1,317
Total Assets and Deferred Outflows of Resources	\$ 86,043	\$ 17,481	\$ 26,083	\$ 7,907	\$ 137,514
LIABILITIES					
Current Liabilities					
Accounts Payable	\$ 2,998		\$ 796		\$ 3,794
Payroll and Related Liabilities	29	\$ 28	511	\$ 234	802
Interfund Payables					
Due to Other Entities	12	2	2	1	17
Unearned Revenue	14,944		271	418	15,633
Obligations Under Securities Lending	8,981	1,489	1,565	749	12,784
Other Accrued Liabilities	4	1	131		136
Compensated Absences Payable	18	28	575	248	869
Bonds, Notes, and Capital Leases Payable			234		234
Policy Claim Liabilities		3,381			3,381
Total Current Liabilities	26,986	4,929	4,085	1,650	37,650
Noncurrent Liabilities					
Bonds, Notes, and Capital Leases Payable			2,264		2,264
Policy Claim Liabilities		7,923			7,923
Other Long-Term Obligations	84	89	1,740	896	2,809
Total Noncurrent Liabilities	84	8,012	4,004	896	12,996
Total Liabilities	27,070	12,941	8,089	2,546	50,646
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows	110	111	2,163	1,120	3,504
NET POSITION					
Net Investment in Capital Assets	2	3	10,988	497	11,490
Restricted for:					
Claims and Judgments	24,281				24,281
Other Purposes	34,580	4,426	3,143	3,744	45,893
Unrestricted			1,700		1,700
Total Net Position	58,863	4,429	15,831	4,241	83,364
Total Liabilities and Net Position	\$ 86,043	\$ 17,481	\$ 26,083	\$ 7,907	\$ 137,514

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position

Internal Service Funds

For the Fiscal Year Ended June 30, 2015

(dollars in thousands)

	Group Insurance	Risk Management	General Services	Data Processing Services	Total
OPERATING REVENUES					
Sale of Goods and Services	\$ 258,023	\$ 8,561	\$ 24,749	\$ 8,058	\$ 299,391
Grants and Contributions			29		29
Other Income		3	19		22
Total Operating Revenues	258,023	8,564	24,797	8,058	299,442
OPERATING EXPENSES					
Personnel Costs	411	412	7,965	4,021	12,809
Services and Supplies	382	3,550	16,209	2,395	22,536
Benefits, Awards, and Premiums	250,609	3,932			254,541
Depreciation			1,265	340	1,605
Other Expenses	66	79	540	26	711
Total Operating Expenses	251,468	7,973	25,979	6,782	292,202
Operating Income (Loss)	6,555	591	(1,182)	1,276	7,240
NONOPERATING REVENUES (EXPENSES)					
Investment Income	714	187	13	(4)	910
Interest Expense	(29)	(5)	(133)	(2)	(169)
Gain (Loss) on Sale of Capital Assets			7		7
Other Nonoperating Revenues (Expenses)			(2)		(2)
Total Nonoperating Revenues (Expenses)	685	182	(115)	(6)	746
Income (Loss) Before Transfers	7,240	773	(1,297)	1,270	7,986
Capital Contributions					
Transfers In			2,738		2,738
Transfers Out			(206)		(206)
Change in Net Position	7,240	773	1,235	1,270	10,518
Total Net Position - Beginning of Year, as Restated	51,623	3,656	14,596	2,971	72,846
Total Net Position - End of Year	\$ 58,863	\$ 4,429	\$ 15,831	\$ 4,241	\$ 83,364

Combining Statement of Cash Flows

Internal Service Funds

For the Fiscal Year Ended June 30, 2015

(dollars in thousands)

	Group Insurance	Risk Management	General Services	Data Processing Services	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers	\$ 15,132	\$ 278	\$ 1,926	\$ 6	\$ 17,342
Receipts from Interfund Services	240,396	8,217	22,985	8,065	279,663
Receipts from Grants and Contributions			29		29
Payments to Employees	(425)	(431)	(8,410)	(4,326)	(13,592)
Payments to Suppliers	2,566	(3,456)	(14,586)	(2,506)	(17,982)
Payments for Interfund Services	(115)	(119)	(2,063)	(84)	(2,381)
Payments for Benefits, Awards, and Claims	(253,454)	(4,088)			(257,542)
Net Cash Provided (Used) by Operating Activities	4,100	401	(119)	1,155	5,537
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers In			2,738		2,738
Transfers Out			(206)		(206)
Interest Payments					
Net Cash Provided (Used) by Noncapital Financing Activities			2,532		2,532
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital Grants and Contributions					
Principal Payments			(210)		(210)
Interest Payments			(140)		(140)
Proceeds from Disposition of Capital Assets			14		14
Acquisition and Construction of Capital Assets			(473)	(323)	(796)
Net Cash Provided (Used) by Capital and Related Financing			(809)	(323)	(1,132)
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipt of Interest and Dividends	764	196	38	14	1,012
Purchase of Investments	(476)	(155)			(631)
Redemption of Investments					
Other Investing Activities	699	102	123	53	977
Net Cash Provided (Used) by Investing Activities	987	143	161	67	1,358
Net Increase (Decrease) in Cash, Cash Equivalents, and	5,087	544	1,765	899	8,295
Beginning Cash, Cash Equivalents, and Pooled Cash	44,843	7,530	6,735	3,233	62,341
Ending Cash, Cash Equivalents, and Pooled Cash	\$ 49,930	\$ 8,074	\$ 8,500	\$ 4,132	\$ 70,636
Reconciliation of Operating Income (Loss) to Net Cash					
Operating Income (Loss)	\$ 6,555	\$ 591	\$ (1,182)	\$ 1,276	\$ 7,240
Adjustments to Reconcile Operating Income to Net Cash Provided					
Depreciation and Amortization			1,265	340	1,605
Net Changes in Assets and Liabilities:					
Accounts Receivable/Interfund Receivables	(439)	(69)	12	(58)	(554)
Inventories and Prepaid Items		53	(416)	(169)	(532)
Other Assets	(2,995)	(1)	1	1	(2,994)
Accounts Payable/Interfund Payables	2,897		505		3,402
Unearned Revenue	939		131	71	1,141
Compensated Absences	5	4	37	(11)	35
Policy Claim Liabilities	(2,845)	(156)			(3,001)
Other Accrued Liabilities	(17)	(21)	(472)	(295)	(805)
Net Cash Provided (Used) by Operating Activities	\$ 4,100	\$ 401	\$ (119)	\$ 1,155	\$ 5,537

Noncash Transactions (dollars in thousands):

Prior period adjustment for restatement of pooled cash and investments was recorded in Group Insurance for \$604, Risk Management for \$89, General Services for \$120, and Data Processing for \$58. Investments decreased in fair value by \$13 for Group Insurance and by \$4 for Risk Management. Prior period adjustment for restatement of net position due to the implementation of GASB Statement No. 68 was recorded in Group Insurance for \$174, Risk Management for \$176, General Services for \$3,428, and Data Processing for \$1,775. General Services disposed of capital assets at a loss of \$7.

FIDUCIARY FUNDS report assets held in a trustee or agency capacity for others and therefore cannot be used to support the State's own programs. The following provides a brief description of the State's fiduciary funds.

PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS account for resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, deferred compensation plans, and other postemployment benefit plans. The State's pension trust funds include the following:

The PERSI Base Plan and the Firefighters' Retirement Fund are cost-sharing, multiple employer defined benefit retirement plans that provide benefits based on member's years of service, age, and highest average salary. In addition, benefits are provided for disability, death, and to eligible members' beneficiaries.

The Judges' Retirement Fund is a single-employer defined benefit plan that provides retirement benefits to retired justices, judges, eligible administrative directors, and allowances to surviving spouses.

The Deferred Compensation Plan is an IRS Section 457(b) tax-advantaged trust fund that accounts for the resources contributed by individuals to fund their retirement.

The 414(k) Plan and the 401(k) Plan are defined contribution retirement plans that consist of gain sharing allocations, voluntary employee contributions, rollover contributions, and some employer matching contributions.

The Sick Leave Insurance Reserve-State Fund and the Sick Leave Insurance Reserve-Schools Fund provide payment of health insurance premiums on behalf of retired employees based on accumulated unused sick leave at the time of retirement.

The University of Idaho Retiree Benefit Trust Fund provides medical and dental benefits to eligible University of Idaho retirees, disabled employees, spouses, and survivors. Employees hired prior to January 1, 2002, are eligible to participate in this plan.

The University of Idaho Health Benefit Trust Fund provides medical, mental health, dental, and vision benefits to active and retired University of Idaho employees.

INVESTMENT TRUST FUNDS account for assets invested by the State on behalf of other governmental entities. The following provides a brief description of the State's investment trust funds:

The Local Government Investment Pool is an external investment pool sponsored by the State Treasurer's Office for Local Government Investment Pool participants. The purpose of the Pool is to provide a safe liquid vehicle for investing moneys not needed to meet immediate operating obligations and to obtain the best interest rate available at the time of investment.

The Diversified Bond Fund is an external investment pool sponsored by the State Treasurer's Office for Diversified Bond Fund participants. The purpose of the Fund is to provide an investment vehicle with a reasonable level of current income and potential capital appreciation as measured on a long-term basis.

AGENCY FUNDS account for resources held by the State in a purely custodial capacity. The following provides a brief description of the State's agency fund:

The Custodial Fund accounts for residual idle cash and investments held by the State on behalf of other governmental entities and administered by the State Treasurer's Office. The fund also accounts for the receipts and disbursements of monies collected by the State and distributed to entities or individuals. This includes deposits of securities by banks and insurance companies doing business in the State.

Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
June 30, 2015
(dollars in thousands)

	PERSI Base Plan	Firefighters' Retirement	Judges' Retirement	Deferred Compensation 457(b)	Defined Contribution 414(k)
ASSETS					
Cash and Cash Equivalents	\$ 782	\$ 20			\$ 44
Pooled Cash and Investments	2,225	56	\$ 486		
Investments:					
Pooled Short Term	337,083	8,545	1,841		
Fixed Income Investments	3,171,303	80,396	17,318	\$ 159,929	
Marketable Securities	8,523,198	216,073	46,543		
Mutual Funds and Private Equities	937,126	23,757	5,117	197,081	60,259
Mortgages and Real Estate	1,028,387	26,071	5,616		
Other Investments				2,838	
Receivables:					
Investments Sold	108,126	2,741	590	1,363	
Contributions	5,357	4		103	
Interest and Dividends	45,043	1,142	246		147
Interfund Receivables	14				
Other Receivables					
Other Assets	61,531				
Capital Assets, Net	9,708				
Total Assets	14,229,883	358,805	77,757	361,314	60,450
LIABILITIES					
Accounts Payable	209				
Interfund Payables	1,702				1
Unearned Revenue					14
Investments Purchased	225,751	5,722	1,233		
Policy Claim Liabilities					
Other Accrued Liabilities	10,975	267	56		
Total Liabilities	238,637	5,989	1,289		15
NET POSITION					
Held in Trust for:					
Employee Pension Benefits	13,991,246	352,816	76,468	361,314	60,435
Postemployment Healthcare Benefits					
Trust Beneficiaries					
Total Net Position	\$ 13,991,246	\$ 352,816	\$ 76,468	\$ 361,314	\$ 60,435

Defined Contribution 401(k)	Sick Leave Insurance Reserve-State	Sick Leave Insurance Reserve-Schools	U of I Retiree Benefit Trust	U of I Health Benefit Trust	Total
\$ 469	\$ 32	\$ 42	\$ 839	\$ 1,102	\$ 3,256
					2,841
825					348,294
	46,638	63,187	15,229	2,157	3,556,157
	110,185	181,178			9,077,177
628,339			12,611		1,864,290
					1,060,074
					2,838
					112,820
391					5,855
1,260				14	47,852
	516	1,186			1,716
				1,133	1,133
	401	988			62,920
					9,708
631,284	157,772	246,581	28,679	4,406	16,156,931
				817	1,026
13					1,716
124					138
					232,706
				2,410	2,410
	15	24			11,337
137	15	24		3,227	249,333
631,147					15,473,426
	157,757	246,557	28,679		432,993
				1,179	1,179
\$ 631,147	\$ 157,757	\$ 246,557	\$ 28,679	\$ 1,179	\$ 15,907,598

Combining Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
For the Fiscal Year Ended June 30, 2015
(dollars in thousands)

	PERSI Base Plan	Firefighters' Retirement	Judges' Retirement	Deferred Compensation 457(b)	Defined Contribution 414(k)
ADDITIONS					
Contributions:					
Member	\$ 211,469	\$ 6	\$ 629	\$ 12,841	
Employer	321,241	11,305	3,595		
Transfers In from Other Plans				7,259	
Total Contributions	532,710	11,311	4,224	20,100	
Investment Income:					
Net Increase (Decrease) in Fair Value of Investments	97,580	2,461	527	13,669	\$ 776
Interest, Dividends, and Other	320,048	8,071	1,761	6,091	1,108
Less Investment Expense:					
Investment Activity Expense	(46,547)	(1,174)	(238)		(207)
Net Investment Income	371,081	9,358	2,050	19,760	1,677
Miscellaneous Income	17		2		
Total Additions	903,808	20,669	6,276	39,860	1,677
DEDUCTIONS					
Benefits and Refunds Paid to Plan Members	771,068	19,874	5,577		2,933
Transfers Out to Other Plans				8,622	2,049
Administrative Expense	6,436	153	96	46	
Participant Withdrawals				12,794	
Total Deductions	777,504	20,027	5,673	21,462	4,982
Change in Net Position Held in Trust for:					
Employee Pension Benefits	126,304	642	603	18,398	(3,305)
Employee Postemployment Healthcare Benefits					
Trust Beneficiaries					
Net Position - Beginning of Year, as Restated	13,864,942	352,174	75,865	342,916	63,740
Net Position - End of Year	\$ 13,991,246	\$ 352,816	\$ 76,468	\$ 361,314	\$ 60,435

Defined Contribution 401(k)	Sick Leave Insurance Reserve-State	Sick Leave Insurance Reserve-Schools	U of I Retiree Benefits Trust	U of I Health Benefits Trust	Total
\$ 42,874				\$ 5,097	\$ 272,916
5,167	\$ 6,348	\$ 13,522		19,046	380,224
14,575					21,834
62,616	6,348	13,522		24,143	674,974
9,031	5,787	9,145	\$ 2,065	58	141,099
9,882					346,961
(292)	(64)	(101)			(48,623)
18,621	5,723	9,044	2,065	58	439,437
	1				20
81,237	12,072	22,566	2,065	24,201	1,114,431
12,730	4,511	13,342		20,708	850,743
23,365					34,036
	41	65	60	3,181	10,078
					12,794
36,095	4,552	13,407	60	23,889	907,651
45,142					187,784
	7,520	9,159	2,005		18,684
				312	312
586,005	150,237	237,398	26,674	867	15,700,818
\$ 631,147	\$ 157,757	\$ 246,557	\$ 28,679	\$ 1,179	\$ 15,907,598

Combining Statement of Fiduciary Net Position

Investment Trust Funds

June 30, 2015

(dollars in thousands)

	Local Government Investment Pool	Diversified Bond Fund	Total
ASSETS			
Cash and Equivalents	\$ 19,310		\$ 19,310
Investments:			
Pooled Short Term	280,280	\$ 10,093	290,373
Fixed Income Investments	1,370,306	95,816	1,466,122
Mortgages and Real Estate		61,502	61,502
Receivables:			
Interest and Dividends	2,119	665	2,784
Total Assets	<u>1,672,015</u>	<u>168,076</u>	<u>1,840,091</u>
LIABILITIES			
Accounts Payable	41	1	42
Other Accrued Liabilities	237	229	466
Total Liabilities	<u>278</u>	<u>230</u>	<u>508</u>
NET POSITION			
Held in Trust for:			
External Investment Pool Participants	1,671,737	167,846	1,839,583
Total Net Position	<u>\$ 1,671,737</u>	<u>\$ 167,846</u>	<u>\$ 1,839,583</u>

Combining Statement of Changes in Fiduciary Net Position

Investment Trust Funds

For the Fiscal Year Ended June 30, 2015

(dollars in thousands)

	Local Government Investment Pool	Diversified Bond Fund	Total
ADDITIONS			
Contributions			
Participant Deposits	\$ 3,913,831	\$ 7,957	\$ 3,921,788
Total Contributions	3,913,831	7,957	3,921,788
Investment Income:			
Net Increase (Decrease) in Fair Value of Investments	(3,112)	(1,248)	(4,360)
Interest, Dividends, and Other	6,125	4,718	10,843
Less Investment Expense:			
Investment Activity Expense	(495)	(30)	(525)
Net Investment Income	2,518	3,440	5,958
Total Additions	3,916,349	11,397	3,927,746
DEDUCTIONS			
Earnings Distribution	2,224	3,417	5,641
Participant Withdrawals	3,644,852	18,783	3,663,635
Total Deductions	3,647,076	22,200	3,669,276
Change in Net Position Held in Trust for:			
External Investment Pool Participants	269,273	(10,803)	258,470
Total Net Position - Beginning of Year	1,402,464	178,649	1,581,113
Total Net Position - End of Year	\$ 1,671,737	\$ 167,846	\$ 1,839,583

Combining Statement of Assets and Liabilities**Agency Fund****June 30, 2015***(dollars in thousands)*

	Custodial
ASSETS	
Cash and Cash Equivalents	\$ 25,882
Pooled Cash and Investments	37,730
Investments:	
Fixed Income Investments	306,192
Securities Lending Collateral	9,313
Receivables:	
Unsettled Trades Receivable	479
Interest and Dividends	55
Total Assets	<u>\$ 379,651</u>
LIABILITIES	
Due to Other Entities	\$ 12
Amounts Held in Trust to Others	352,884
Obligations Under Securities Lending	9,784
Other Accrued Liabilities	16,971
Total Liabilities	<u>\$ 379,651</u>

Combining Statement of Changes in Assets and Liabilities**Agency Fund****For the Fiscal Year Ended June 30, 2015***(dollars in thousands)*

	Balances			Balances
	June 30, 2014	Additions	Deductions	June 30, 2015
CUSTODIAL				
Assets				
Cash and Cash Equivalents	\$ 28,324	\$ 25,882	\$ 28,324	\$ 25,882
Pooled Cash and Investments	24,395	104,321	90,986	37,730
Fixed Income Investments	299,217	306,192	299,217	306,192
Securities Lending Collateral	21,601	9,313	21,601	9,313
Due from Other Entities		229	229	
Unsettled Trades Receivable		479		479
Interest and Dividends	96	55	96	55
Total Assets	\$ 373,633	\$ 446,471	\$ 440,453	\$ 379,651
Liabilities				
Due to Other Entities	\$ 952	\$ 6,936	\$ 7,876	\$ 12
Amounts Held for Others	350,574	388,597	386,287	352,884
Obligations Under Securities Lending	21,918	9,784	21,918	9,784
Other Accrued Liabilities	189	41,104	24,322	16,971
Total Liabilities	\$ 373,633	\$ 446,421	\$ 440,403	\$ 379,651

Statistical Section



Lake Walcott

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Sources: Unless otherwise noted, the information in the following schedules is derived from the State’s Comprehensive Annual Financial Report.

Note: The schedules presented in the Statistical Section are not audited, and component unit data is not included.

Schedule 1 - Net Position by Component

Fiscal Years 2006-2015

(accrual basis of accounting, dollars in thousands)

	2006	2007	2008	2009	2010	2011
	(as restated)	(as restated)	(as restated)	(as restated)	(as restated)	(as restated)
Governmental Activities						
Net Investment in Capital Assets	\$ 4,203,010	\$ 4,425,707	\$ 4,469,932	\$ 4,741,279	\$ 4,911,546	\$ 5,143,289
Restricted ¹	1,342,129	1,760,948	1,948,893	1,572,119	1,782,945	2,085,542
Unrestricted ²	849,438	955,546	1,052,178	762,236	578,288	445,944
Total Governmental Activities Net Position	\$ 6,394,577	\$ 7,142,201	\$ 7,471,003	\$ 7,075,634	\$ 7,272,779	\$ 7,674,775
Business-Type Activities						
Net Investment in Capital Assets	\$ 466,762	\$ 513,071	\$ 517,436	\$ 559,719	\$ 607,694	\$ 656,020
Restricted ³	720,583	813,742	829,237	640,587	604,851	769,555
Unrestricted ⁴	163,638	189,579	190,658	198,575	193,029	194,366
Total Business-Type Activities Net Position	\$ 1,350,983	\$ 1,516,392	\$ 1,537,331	\$ 1,398,881	\$ 1,405,574	\$ 1,619,941
Primary Government						
Net Investment in Capital Assets	\$ 4,669,772	\$ 4,938,778	\$ 4,987,368	\$ 5,300,998	\$ 5,519,240	\$ 5,799,309
Restricted	2,062,712	2,574,690	2,778,130	2,212,706	2,387,796	2,855,097
Unrestricted	1,013,076	1,145,125	1,242,836	960,811	771,317	640,310
Total Primary Government Net Position	\$ 7,745,560	\$ 8,658,593	\$ 9,008,334	\$ 8,474,515	\$ 8,678,353	\$ 9,294,716

¹In fiscal year (FY) 2007 governmental activities restricted net position increased mainly due to Land Endowment fund investment income, receipts from timber sales and land leases, and increased operating grants for health care assistance and infrastructure. In FY2008 net position increased mainly due to increased operating grants for health care assistance, education, and infrastructure. In FY2009 net position decreased primarily because of the national recession and the decrease in fair market value of investments, primarily related to the Land Endowment fund. In FY2010 and FY2011 net position increased primarily due to the increase in federal grant revenue from the American Recovery and Reinvestment Act. In FY2012 net position increased due to lower Medicaid and rehabilitation service costs. In FY2013-2014 net position increased primarily due to the increase in fair market value of investments, primarily related to the Land Endowment fund. In FY2015 the restricted fund balance increased due to the increase revenue from timber and permit sales. Additionally, in FY2015 net position increased due to the increase of the Bunker Hill water treatment plant endowment fund.

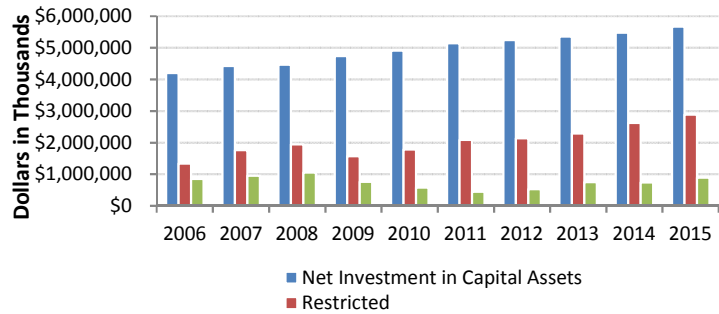
²Large fluctuations in governmental activities unrestricted net position balances occurred primarily as income tax and sales tax revenues increased and decreased due to significant changes in economic conditions. The Property Tax Relief Act of 2006 increased the sales tax by 1 percent and reduced property tax by shifting public schools' maintenance and operating expenses from counties to the state. The increase for FY2015 is primarily due to an increase in sales and corporate revenue.

³Significant increases of business-type activities restricted net position were mainly due to increases in unemployment compensation assessment collections and/or decreases in unemployment claims. In FY2009 and FY2010 net position decreased predominantly because of increased unemployment compensation benefit payments resulting from the economic downturn. In FY2014 the net position increased predominately because of a decrease in unemployment compensation benefit payments.

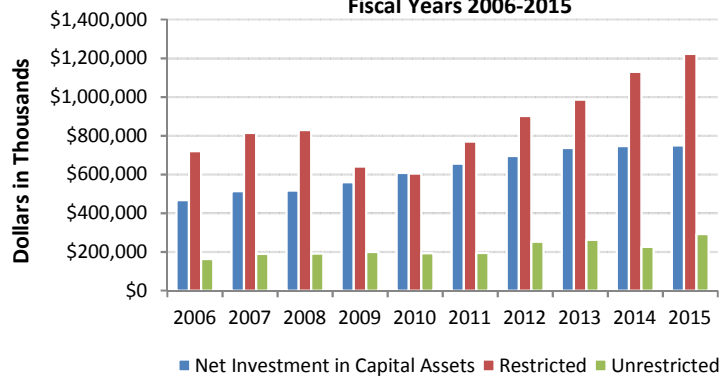
⁴FY2012 and FY2015 net position increased primarily due to increased student tuition and fees for the colleges and universities.

2012 (as restated)	2013 (as restated)	2014 (as restated)	2015
\$ 5,245,730	\$ 5,353,454	\$ 5,475,682	\$ 5,666,425
2,133,964	2,291,086	2,618,971	2,884,930
531,570	750,491	739,198	895,164
\$ 7,911,264	\$ 8,395,031	\$ 8,833,851	\$ 9,446,519
\$ 695,405	\$ 736,734	\$ 746,473	\$ 749,873
901,322	986,730	1,130,154	1,222,537
251,804	261,432	226,545	291,420
\$ 1,848,531	\$ 1,984,896	\$ 2,103,172	\$ 2,263,830
\$ 5,941,135	\$ 6,090,188	\$ 6,222,155	\$ 6,416,298
3,035,286	3,277,816	3,749,125	4,107,467
783,374	1,011,923	965,743	1,186,584
\$ 9,759,795	\$ 10,379,927	\$ 10,937,023	\$ 11,710,349

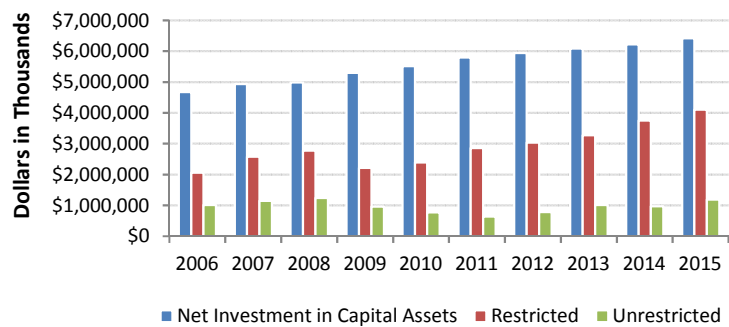
**Governmental Activities Net Position by Component
Fiscal Years 2006-2015**



**Business-Type Activities Net Position by Component
Fiscal Years 2006-2015**



**Primary Government Net Position by Component
Fiscal Years 2006-2015**



Schedule 2 - Changes in Net Position

Fiscal Years 2006-2015

(accrual basis of accounting, dollars in thousands)

	2006 (as restated)	2007 (as restated)	2008 (as restated)	2009 (as restated)	2010 (as restated)	2011 (as restated)
Governmental Activities:						
Expenses						
General Government ^{1,2}	\$ 420,772	\$ 403,506	\$ 463,125	\$ 450,875	\$ 548,757	\$ 426,506
Public Safety and Correction ¹	266,036	285,669	324,843	326,125	320,423	296,034
Health and Human Services ³	1,676,706	1,750,187	1,818,932	2,115,148	2,092,319	2,577,700
Education ¹	1,385,448	1,704,447	1,796,160	1,850,258	1,830,608	1,777,026
Economic Development	629,499	673,234	756,677	743,811	799,054	829,130
Natural Resources	213,599	217,222	243,925	241,108	241,508	241,203
Interest Expense	21,130	32,232	45,530	46,767	45,782	50,773
Total Expenses	4,613,190	5,066,497	5,449,192	5,774,092	5,878,451	6,198,372
Program Revenues						
Charges for Services:						
General Government	92,873	77,750	119,443	93,376	79,833	109,387
Economic Development	215,735	239,728	258,576	256,184	239,107	248,199
Natural Resources	146,481	145,349	150,752	133,138	127,037	133,317
Other Activities ⁴	117,865	135,765	128,367	138,276	76,575	163,505
Operating Grants and Contributions ⁵	1,899,754	2,045,958	1,955,236	2,034,795	2,935,393	3,160,919
Capital Grants and Contributions	8,624	1,481	906	8,892	4,660	6,058
Total Program Revenues	2,481,332	2,646,031	2,613,280	2,664,661	3,462,605	3,821,385
Total Governmental Activities Net Program Expense	(2,131,858)	(2,420,466)	(2,835,912)	(3,109,431)	(2,415,846)	(2,376,987)
General Revenues and Other Changes in Net Position						
Taxes:						
Sales Tax ⁶	1,061,861	1,296,040	1,334,032	1,177,106	1,127,013	1,165,095
Individual and Corporate Taxes ⁷	1,428,996	1,605,218	1,599,881	1,320,968	1,242,032	1,296,558
Fuel Tax	224,373	232,025	228,786	214,113	221,142	231,732
Other Taxes	182,112	185,748	185,874	186,489	186,130	227,075
Tobacco Settlement	21,404	27,328	28,631	31,094	26,120	24,576
Grants Not Restricted to Specific Programs						
Unrestricted Investment Earnings	34,734	35,430	51,537	36,139	16,800	18,516
Transfers	(243,751)	(213,699)	(264,027)	(251,847)	(206,246)	(184,569)
Total General Revenues and Other Changes in Net Position	2,709,729	3,168,090	3,164,714	2,714,062	2,612,991	2,778,983
Total Governmental Activities Change in Net Position	\$ 577,871	\$ 747,624	\$ 328,802	\$ (395,369)	\$ 197,145	\$ 401,996
Business-Type Activities:						
Expenses						
College and University	\$ 780,066	\$ 815,373	\$ 875,586	\$ 896,993	\$ 898,012	\$ 923,760
Unemployment Compensation ⁸	109,113	109,338	171,918	338,600	666,808	482,087
Loan	719	954	2,267	5,910	9,624	14,571
State Lottery	97,605	99,307	102,065	105,780	110,204	112,003
State Liquor	93,204	105,126	112,476	117,185	118,022	117,039
Correctional Industries	6,239	6,852	7,574	8,323	6,553	6,727
Total Expenses	1,086,946	1,136,950	1,271,886	1,472,791	1,809,223	1,656,187
Revenues						
Charges for Services:						
College and University	315,924	341,823	337,699	339,989	368,504	405,450
Unemployment Compensation ⁹	159,365	191,758	126,575	130,879	255,278	337,479
State Lottery	131,305	130,811	137,664	140,316	147,931	147,849
Other Activities	124,600	142,193	152,428	156,483	156,407	160,749
Operating Grants and Contributions ¹⁰	229,902	227,620	244,954	293,673	637,456	606,597
Capital Grants and Contributions	20,231	54,455	29,478	21,154	44,094	27,861
Total Revenues	981,327	1,088,660	1,028,798	1,082,494	1,609,670	1,685,985
Total Business-Type Activities Net Program Revenue (Expense)	(105,619)	(48,290)	(243,088)	(390,297)	(199,553)	29,798
General Revenues and Other Changes in Net Position						
Special Item						
Transfers	243,751	213,699	264,027	251,847	206,246	184,569
Total General Revenues and Other Changes in Net Position	243,751	213,699	264,027	251,847	206,246	184,569
Total Business-Type Activities Change in Net Position	\$ 138,132	\$ 165,409	\$ 20,939	\$ (138,450)	\$ 6,693	\$ 214,367
Total Primary Government Change in Net Position	\$ 716,003	\$ 913,033	\$ 349,741	\$ (533,819)	\$ 203,838	\$ 616,363

¹In fiscal year (FY) 2011 most expenses decreased due to effects of the national recession.

²In FY2013 expenses increased primarily due to an increase in lease payments to the Idaho State Building Authority. In FY2014 prior period adjustments were made due to the implementation of GASB Statements 68 & 71 in FY2015.

³In FY2011-2015 expenses for health and human services fluctuated due to changes in medical assistance payments related to Medicaid and rehabilitation services payments.

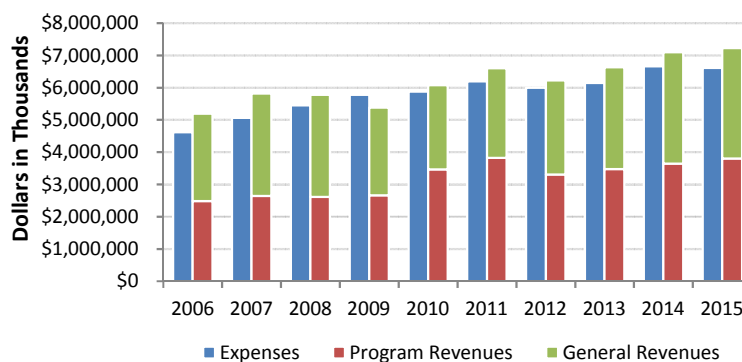
⁴In FY2010 and FY2011 fluctuations in other activities revenue were caused by a change in the way revenue is recorded. In FY2012 Department of Health & Welfare grant revenue decreased due to a reduction in American Recovery and Reinvestment Act funding.

⁵In FY2007 operating grants and contributions revenue surged primarily due to increased federal health care assistance and infrastructure grants. In FY2010-2012 amounts shifted primarily because of changes in the American Recovery and Reinvestment Act stimulus funding. In FY2013 revenues from operating grants and contributions increased primarily due to an increase in the fair market value of Endowment Fund Investment Board investments and interest income.

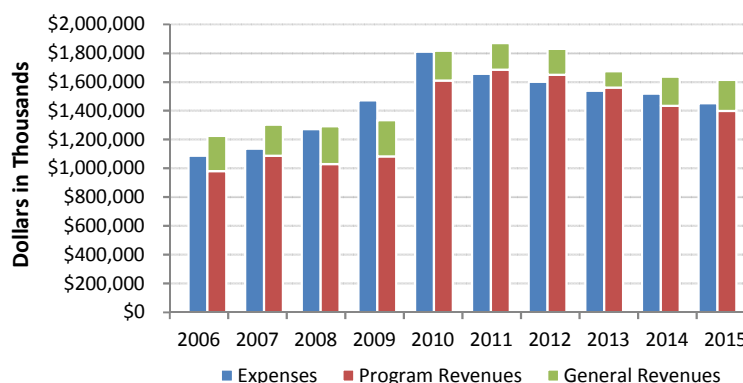
2012 (as restated)	2013 (as restated)	2014 (as restated)	2015
\$ 413,832	\$ 440,769	\$ 848,508	\$ 548,518
335,493	352,409	364,998	387,694
2,396,437	2,545,283	2,595,727	2,751,283
1,712,567	1,707,233	1,756,231	1,845,144
820,530	806,801	810,023	761,384
264,080	244,032	236,614	269,706
50,372	49,961	51,600	46,860
5,993,311	6,146,488	6,663,701	6,610,589
97,411	104,973	90,314	227,915
266,320	252,221	271,894	287,525
159,633	151,126	175,271	256,344
118,255	127,082	161,452	181,054
2,664,743	2,828,808	2,941,720	2,851,144
2,568	10,492	5,317	2,832
3,308,930	3,474,702	3,645,968	3,806,814
(2,684,381)	(2,671,786)	(3,017,733)	(2,803,775)
1,213,623	1,315,002	1,400,547	1,444,781
1,390,226	1,533,850	1,739,957	1,686,455
216,249	237,647	262,479	243,826
240,757	220,507	213,434	220,442
21,103	24,912	27,450	24,183
17,365	19,142	14,374	10,452
(178,453)	(195,507)	(201,688)	(213,696)
2,920,870	3,155,553	3,456,553	3,416,443
\$ 236,489	\$ 483,767	\$ 438,820	\$ 612,668

\$ 969,419	\$ 989,412	\$ 1,054,726	\$ 1,015,707
358,283	251,016	142,524	110,597
7,112	6,480	7,565	9,604
134,055	150,599	163,295	165,445
123,656	134,117	141,467	143,469
8,030	7,560	8,755	8,155
1,600,555	1,539,184	1,518,332	1,452,977
436,208	445,649	459,380	489,740
351,781	314,630	258,072	203,794
176,547	198,169	209,642	210,940
175,435	180,645	185,082	196,043
485,777	383,575	305,150	282,646
24,944	38,364	17,594	16,776
1,650,692	1,561,032	1,434,920	1,399,939
50,137	21,848	(83,412)	(53,038)
(80,990)			
178,453	195,507	201,688	213,696
178,453	114,517	201,688	213,696
\$ 228,590	\$ 136,365	\$ 118,276	\$ 160,658
\$ 465,079	\$ 620,132	\$ 557,096	\$ 773,326

Expenses and Revenues - Governmental Activities
Fiscal Years 2006-2015



Expenses and Revenues - Business-Type Activities
Fiscal Years 2006-2015



⁶The state sales tax increased from 5 percent to 6 percent on May 1, 2003, and reverted to 5 percent on July 1, 2005. In FY2007 the state sales tax permanently increased from 5 percent to 6 percent. In FY2009-2010 and FY2012-2013 sales tax revenue increased and decreased due to swings in the economy and changes of employment and personal income levels.

⁷Individual and corporate income tax revenues increased and decreased due to changes in the economy and levels of employment and personal income.

⁸Decreases and increases in unemployment compensation expenses in FY2008-2015 relate to the degradation and improvement of economic conditions.

⁹In FY2010-2012 unemployment compensation revenues increased due to increased assessment collections for unemployment benefits. In FY2013-2014 unemployment compensation revenues decreased due to a lower employer contribution rate.

¹⁰In FY2010 operating grants and contributions grew because of increased federal grant revenue for unemployment benefits.

Schedule 3 - Fund Balances - Governmental Funds

Fiscal Years 2006-2015

(modified accrual basis of accounting, dollars in thousands)

	2006 (as restated)	2007 (as restated)	2008 (as restated)	2009 (as restated)	2010 (as restated)	2011 (as restated)
General Fund						
Nonspendable						\$ 7,922
Restricted ¹	\$ 31,817	\$ 62,996	\$ 85,636	\$ 98,801	\$ 130,261	169,753
Committed ²	57,283	355,735	369,896	213,835	154,168	162,583
Assigned	23,389	34,870	40,949	35,221	45,936	55,778
Unassigned ³	676,152	649,565	704,776	426,885	320,487	269,251
Total General Fund	788,641	1,103,166	1,201,257	774,742	650,852	665,287
All Other Governmental Funds						
Nonspendable ⁴	952,488	1,140,718	1,128,417	923,217	1,043,787	1,097,816
Restricted ⁵	324,078	489,566	510,717	451,175	461,574	709,523
Committed	49,956	59,079	77,621	83,527	86,434	78,794
Assigned	1,402	1,115	1,012	1,298	1,320	1,651
Unassigned ⁶						(57,026)
Total All Other Governmental Funds	1,327,924	1,690,478	1,717,767	1,459,217	1,593,115	1,830,758
Total Fund Balances - Governmental Funds	\$ 2,116,565	\$ 2,793,644	\$ 2,919,024	\$ 2,233,959	\$ 2,243,967	\$ 2,496,045

Note: GASB Statement No. 54 was implemented in fiscal year 2011. The standard required the reclassification of fund balances. Prior years have been restated.

¹Increases and decreases in the General Fund restricted fund balance in each fiscal year occurred primarily due to changes in sales tax revenue caused by prevailing economic conditions. In fiscal year (FY) 2007 the fund balance also increased due to the funding of the Millennium Permanent Endowment fund and the Capitol restoration project.

²Fluctuations in the General Fund committed fund balance in each fiscal year resulted primarily from changes in personal and corporate income tax revenue. Significant variances occurred in response to prevailing economic conditions. In FY2015 the increase is primarily due to the creation of the Strategic Initiatives Program fund.

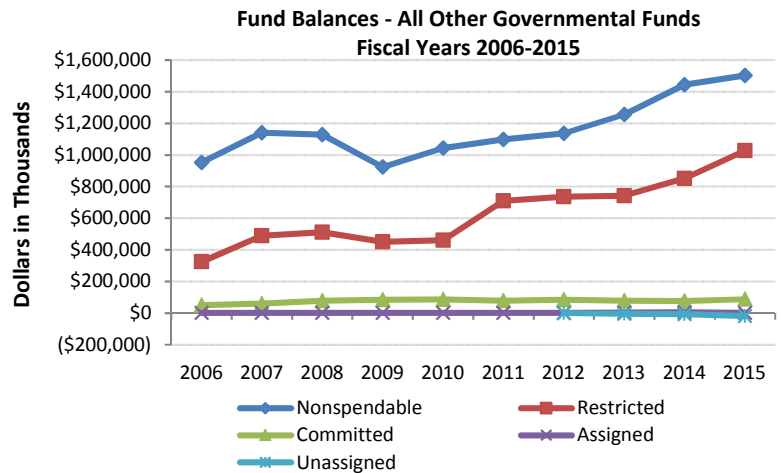
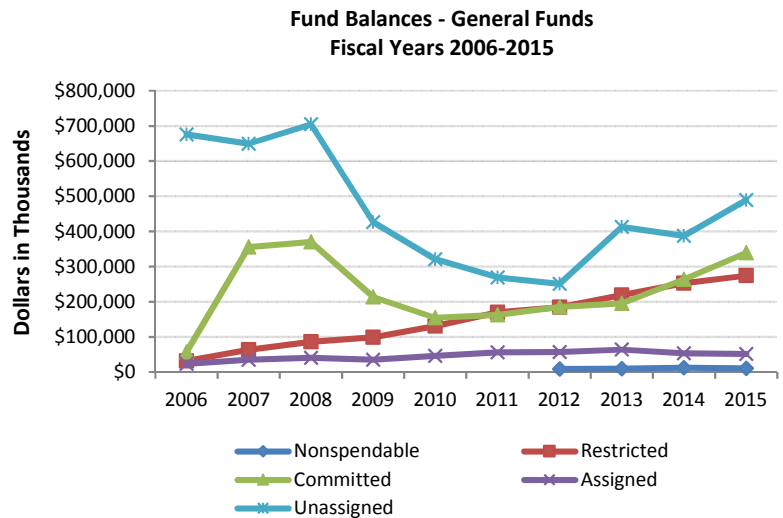
³Increases and decreases in the General Fund unassigned fund balance resulted from surging and weakening economic conditions.

⁴Large changes in the Governmental Funds nonspendable fund balance occurred primarily because of significant variances in Land Endowment fund fair market value.

⁵In FY2007 the Governmental Funds restricted fund balance increased predominantly because of additional investment income, timber sales, and land leases receipts. In FY2011 the fund balance increased largely due to receiving American Recovery and Reinvestment Act funds for the Idaho Transportation Department. In FY2015 the fund balance increased due largely to an increase to the Bunker Hill water treatment endowment fund.

⁶In FY2011 and FY2013-2015 the Department of Health and Welfare reported a negative unassigned fund balance due to increased expenditures for health and human services.

2012 (as restated)	2013 (as restated)	2014 (as restated)	2015
\$ 8,837	\$ 9,292	\$ 12,012	\$ 10,294
184,437	219,270	252,627	274,121
185,098	195,479	263,443	339,169
57,271	63,806	53,086	51,357
251,023	412,738	387,161	489,495
686,666	900,585	968,329	1,164,436
1,135,746	1,255,497	1,443,868	1,503,337
735,417	742,387	850,948	1,027,003
85,124	77,505	76,970	87,298
2,238	2,689	5,271	2,201
	(4,262)	(6,533)	(18,822)
1,958,525	2,073,816	2,370,524	2,601,017
\$ 2,645,191	\$ 2,974,401	\$ 3,338,853	\$ 3,765,453



Schedule 4 - Changes in Fund Balances - Governmental Funds

Fiscal Years 2006-2015

(modified accrual basis of accounting, dollars in thousands)

	2006 (as restated)	2007 (as restated)	2008 (as restated)	2009 (as restated)	2010 (as restated)	2011 (as restated)
Revenues						
Sales Tax ¹	\$ 1,060,612	\$ 1,300,416	\$ 1,333,018	\$ 1,174,802	\$ 1,122,384	\$ 1,163,526
Individual and Corporate Taxes ²	1,436,168	1,598,702	1,587,694	1,325,996	1,228,463	1,288,869
Other Taxes	406,336	417,763	414,671	398,639	409,924	459,162
Licenses, Permits, and Fees	256,900	273,223	279,156	277,354	275,018	296,827
Sale of Goods and Services	235,410	235,750	231,885	232,526	137,947	168,369
Grants and Contributions ³	1,806,749	1,880,049	1,962,931	2,251,714	2,808,307	2,850,294
Investment Income ⁴	144,559	225,717	63,406	(123,820)	191,596	302,488
Tobacco Settlement	21,253	23,712	28,504	30,965	25,990	24,445
Other Income ⁵	47,606	65,538	61,530	61,943	78,565	65,361
Total Revenues	5,415,593	6,020,870	5,962,795	5,630,119	6,278,194	6,619,341
Expenditures						
General Government ⁶	147,445	151,358	177,312	186,119	208,784	172,779
Public Safety and Correction	253,504	269,874	300,106	305,141	284,457	284,208
Health and Human Services ⁷	1,641,421	1,701,863	1,775,609	2,096,507	2,111,265	2,346,165
Education ^{6,8}	1,379,775	1,683,254	1,777,690	1,843,401	1,810,276	1,768,616
Economic Development	358,814	368,439	390,424	406,694	416,776	418,866
Natural Resources	188,784	186,179	217,214	212,398	214,291	213,912
Capital Outlay ^{6,9}	423,582	452,755	545,059	634,187	677,097	574,305
Intergovernmental Revenue Sharing	425,414	441,421	452,089	436,866	459,716	448,249
Debt Service:						
Principal	10,751	12,403	92,377	55,645	33,222	45,871
Interest	20,736	25,576	45,365	49,368	46,648	51,689
Total Expenditures	4,850,226	5,293,122	5,773,245	6,226,326	6,262,532	6,324,660
Revenues Over (Under) Expenditures	565,367	727,748	189,550	(596,207)	15,662	294,681
Other Financing Sources (Uses)						
Bonds and Notes Issued	10,790	155,463	187,603	152,641	163,562	125,862
Issuance of Refunding Bonds						
Premium/(Discount) on Bonds Issued	(23)	6,533				
Payment to Refunded Bond Escrow Agent ¹⁰		(4,765)				
Capital Lease Acquisitions	5,697		1,039	22	23,745	2,603
Sale of Capital Assets	17,193	7,066	11,590	11,947	13,436	14,462
Transfers In	640,776	713,275	731,774	700,654	630,563	678,794
Transfers Out	(886,340)	(928,241)	(996,176)	(954,122)	(836,960)	(864,324)
Total Other Financing Sources (Uses)	(211,907)	(50,669)	(64,170)	(88,858)	(5,654)	(42,603)
Net Changes in Fund Balances	\$ 353,460	\$ 677,079	\$ 125,380	\$ (685,065)	\$ 10,008	\$ 252,078
Debt Service as a Percentage of Noncapital Expenditures	<1	<1	2.5	1.8	1.3	1.7

¹From May 1, 2003, to July 1, 2005, the Legislature imposed a temporary sales tax increase from 5 percent to 6 percent. On October 1, 2006, the state sales tax rate permanently increased from 5 percent to 6 percent. In fiscal years (FY) 2009-2015 sales tax revenue changed in response to fluctuating levels of employment and personal income.

²Individual and corporate income tax revenues increased and decreased due to the relative strengthening and weakening of the economy.

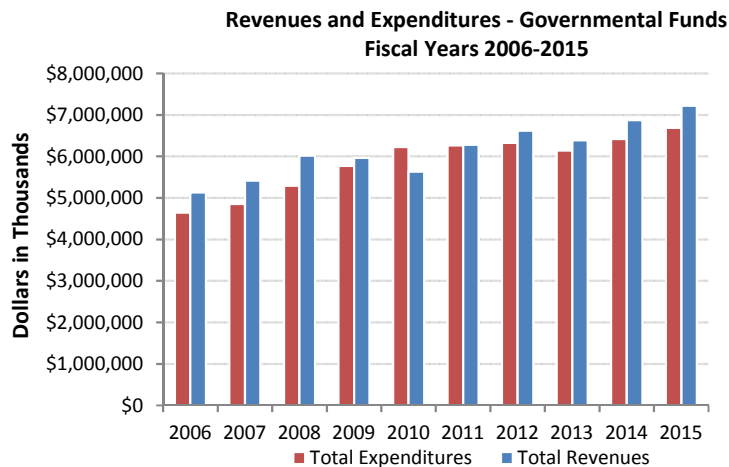
³In FY2009-2011 grants and contributions increased primarily due to American Recovery and Reinvestment Act funds for health, transportation, and education.

⁴Investment income increased and decreased primarily due to changes in the fair values of investments in the Land Endowment fund.

⁵In FY2015 other income increased primarily due to an increase in the Bunker Hill water treatment plant endowment fund.

⁶In FY2011 and FY2012 decreases in expenditures were necessary to balance the State's budget.

2012 (as restated)	2013 (as restated)	2014 (as restated)	2015
\$ 1,214,491	\$ 1,318,383	\$ 1,379,105	\$ 1,462,022
1,389,291	1,531,975	1,497,935	1,684,680
456,720	458,291	470,226	469,780
310,828	317,854	325,172	354,894
198,438	237,268	260,489	288,388
2,638,570	2,695,371	2,658,143	2,706,506
51,264	217,357	324,835	78,412
24,922	24,912	27,450	24,183
101,828	69,185	61,016	151,062
6,386,352	6,870,596	7,004,371	7,219,927
157,283	168,253	197,639	195,667
302,809	324,717	338,865	359,132
2,329,848	2,544,890	2,561,572	2,573,782
1,687,084	1,685,252	1,733,263	1,821,633
392,242	420,668	418,525	414,307
215,354	210,376	223,017	237,478
501,522	497,087	468,817	485,276
453,799	471,269	488,585	505,017
47,954	49,679	52,334	48,362
50,804	49,100	48,926	48,458
6,138,699	6,421,291	6,531,543	6,689,112
247,653	449,305	472,828	530,815
146,219	61,347	65,457	53,935
	10,945		
7,219	1,304		
(88,044)	(11,441)		
	178	9	90
16,871	15,414	30,382	57,988
815,041	858,585	855,318	872,222
(995,813)	(1,056,427)	(1,059,542)	(1,088,450)
(98,507)	(120,095)	(108,376)	(104,215)
\$ 149,146	\$ 329,210	\$ 364,452	\$ 426,600
1.7	1.6	1.6	1.5



⁷In FY2007-2013 health and human services expenditures increased and decreased due to changes in medical assistance payments related to Medicaid and rehabilitation services.

⁸In FY2007-2009 education expenditures increased because of an increased public school distribution for facilities improvements, salaries, and operating expenses. In FY2014 expenditures from federal grants increased.

⁹In FY2008-2010 capital outlay expenditures increased mainly due to transportation infrastructure and state building expenses.

¹⁰In FY2007, FY2012, and FY2013 the Idaho State Building Authority defeased bond debt to achieve better interest rates.

Schedule 5 - Revenue Base

Fiscal/Calendar Years 2006-2015 (dollars in thousands)

Taxable Sales by Industry

	Fiscal Year					
	2006	2007	2008	2009	2010	2011
Commercial Farms	\$ 10,093	\$ 11,416	\$ 11,680	\$ 10,055	\$ 9,005	\$ 10,847
Agricultural/Forestry, Fishing, and Other	99,736	124,479	127,115	111,834	101,936	94,138
Mining	67,655	72,407	74,440	54,148	43,224	43,947
Construction	484,901	572,823	583,884	486,661	427,769	409,010
Manufacturing	998,714	1,403,805	1,050,425	813,738	755,948	996,988
Transportation and Public Utilities	250,375	347,677	390,536	361,449	361,995	700,557
Wholesale Trade	1,481,922	1,766,289	1,870,820	1,679,196	1,632,262	1,641,485
Retail Trade	14,083,361	15,364,551	14,963,180	13,418,803	13,360,965	12,752,289
Finance, Insurance, and Real Estate	153,983	149,466	155,363	143,608	136,907	133,522
Services	2,105,191	2,330,698	2,409,065	2,161,247	2,213,003	2,099,385
State and Local Government	690,509	782,729	817,606	703,459	680,446	657,345
Total Taxable Sales	\$ 20,426,440	\$ 22,926,340	\$ 22,454,114	\$ 19,944,198	\$ 19,723,460	\$ 19,539,513
Direct Sales Tax Rate	5.0%	6.0%	6.0%	6.0%	6.0%	6.0%

Personal Income by Industry¹

	Calendar Year					
	2006	2007	2008	2009	2010	2011
Farm Earnings	\$ 1,085,571	\$ 1,591,064	\$ 1,768,795	\$ 1,125,822	\$ 1,528,413	\$ 2,145,772
Agricultural/Forestry, Fishing, and Other	381,697	376,541	368,535	368,289	421,777	425,849
Mining	233,063	239,201	319,740	185,676	231,474	273,151
Construction/Utilities	3,673,356	3,774,380	3,236,864	2,638,763	2,571,594	2,421,782
Manufacturing	3,888,775	4,004,593	3,869,544	3,367,249	3,448,766	3,547,496
Transportation	1,061,721	1,106,927	1,081,747	1,045,070	1,061,431	1,137,743
Wholesale Trade	1,544,743	1,706,799	1,690,502	1,602,712	1,633,474	1,706,000
Retail Trade	3,066,228	3,120,288	2,813,672	2,717,251	2,742,300	2,790,105
Finance, Insurance, and Real Estate	2,091,062	1,896,144	1,607,340	2,263,727	2,336,854	2,206,547
Services	11,162,232	11,646,424	11,995,784	11,894,427	12,067,324	12,426,978
Federal, Civilian	985,671	1,010,629	1,031,211	1,073,648	1,115,347	1,113,990
Military	452,550	473,785	504,056	535,821	531,786	501,530
State and Local Government	4,555,094	4,725,189	4,943,146	5,035,938	5,091,080	5,029,594
Other ²	12,734,475	13,924,105	15,177,908	14,942,499	15,557,892	17,400,374
Total Personal Income	\$ 46,916,238	\$ 49,596,069	\$ 50,408,844	\$ 48,796,892	\$ 50,339,512	\$ 53,126,911
Total Direct Personal Income Tax Rate	7.7%	7.7%	7.6%	7.6%	7.6%	7.6%

Corporate Income by Category³

	Calendar Year					
	2006	2007	2008	2009	2010	2011
Corporations	\$ 6,080	\$ 146,513	\$ (759,563)	\$ (1,025,574)	\$ (28,603)	\$ 49,806
Sub-S Corporations	87,233	72,520	(35,677)	41,005	43,487	24,196
Partnerships	(1,257)	(82,978)	(125,039)	(126,283)	(115,646)	(287,303)
Fiduciary	42,999	70,944	22,495	(5,038)	6,843	(28,687)
Total Corporate Income	\$ 135,055	\$ 206,999	\$ (897,784)	\$ (1,115,890)	\$ (93,919)	\$ (241,988)
Direct Corporate Income Tax Rate	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%

Vehicle Fuel Sales by Category (in thousands of gallons)

	Fiscal Year					
	2006	2007	2008	2009	2010	2011
Diesel	258,715	284,008	282,617	237,206	236,002	239,708
Gasoline	636,565	647,363	636,125	584,872	632,004	633,337
Propane	78	62	53	107	32	79
Natural Gas ⁴	13					
Aviation	2,512	2,598	2,461	1,864	1,814	1,797
Jet	31,038	33,591	36,217	29,697	23,347	23,225
Total Fuel Sales	928,921	967,622	957,473	853,746	893,199	898,146
Total Direct Fuel Tax Rate (per gallon of fuel)	\$ 0.243	\$ 0.242	\$ 0.242	\$ 0.243	\$ 0.245	\$ 0.245

Sources: Taxable sales, corporate income, and vehicle fuel sales--Idaho State Tax Commission; Personal income--U.S. Bureau of Economic Analysis and the Idaho State Tax Commission.

¹Personal income data for calendar years 2006-2015 are estimates. The U.S. Bureau of Economic Analysis revised personal income amounts for all calendar years shown to reflect revisions to the national income and product accounts and to incorporate newly available state-level source data.

²Other personal income includes dividends, interest, rental income, residence adjustment, government transfers to individuals, and deductions for social insurance.

³Corporate income data is currently not available for calendar years 2014 and 2015.

⁴The natural gas distributors reported no vehicle fuel sales for fiscal years (FY) 2007-2011. FY14 & FY15 saw a shift towards using/producing cleaner fuel types.

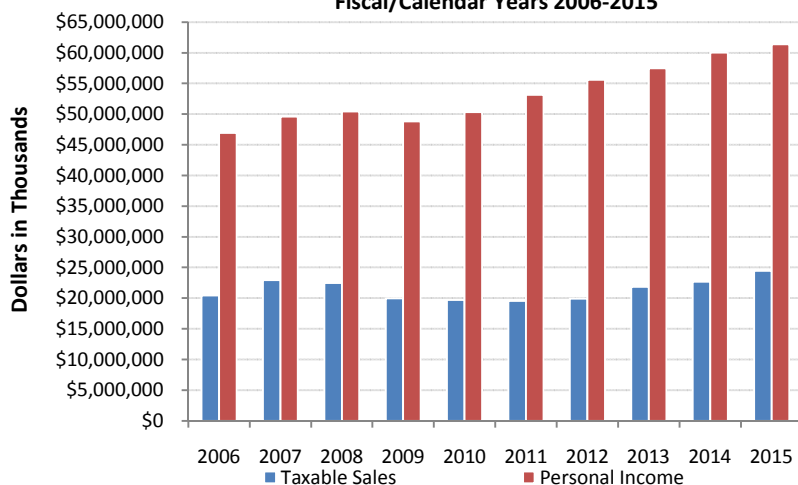
2012	2013	2014	2015
\$ 14,204	\$ 11,733	\$ 11,756	\$ 16,197
100,206	106,731	112,719	124,776
47,130	52,671	55,851	53,947
489,893	434,218	422,849	490,734
819,403	807,950	844,024	924,586
546,466	705,692	543,205	555,498
1,765,478	2,033,097	2,281,830	2,573,395
13,221,360	14,568,624	15,057,644	16,080,503
136,687	142,282	157,134	183,317
2,101,112	2,225,229	2,367,364	2,584,259
646,121	751,309	811,377	868,951
\$ 19,888,060	\$ 21,839,536	\$ 22,665,753	\$ 24,456,163
6.0%	6.0%	6.0%	6.0%

2012	2013	2014	2015
\$ 2,146,805	\$ 2,460,510	\$ 2,588,278	\$ 1,876,847
438,403	455,119	488,538	533,002
298,989	317,460	310,561	326,828
2,519,003	2,716,809	2,897,030	3,244,826
3,761,274	4,163,579	4,509,193	4,370,001
1,218,031	1,263,645	1,311,437	1,378,795
1,806,936	1,958,508	2,053,141	2,193,886
2,963,039	3,127,775	3,266,377	3,468,115
2,148,266	2,313,911	2,454,134	2,537,823
12,556,692	12,936,641	13,410,617	13,816,191
1,131,574	1,112,654	1,124,794	1,165,172
498,682	482,337	469,255	451,587
5,154,665	5,273,024	5,413,994	5,538,059
18,956,849	18,901,791	19,743,409	20,511,484
\$ 55,599,208	\$ 57,483,763	\$ 60,040,758	\$ 61,412,616
7.3%	7.3%	NA	NA

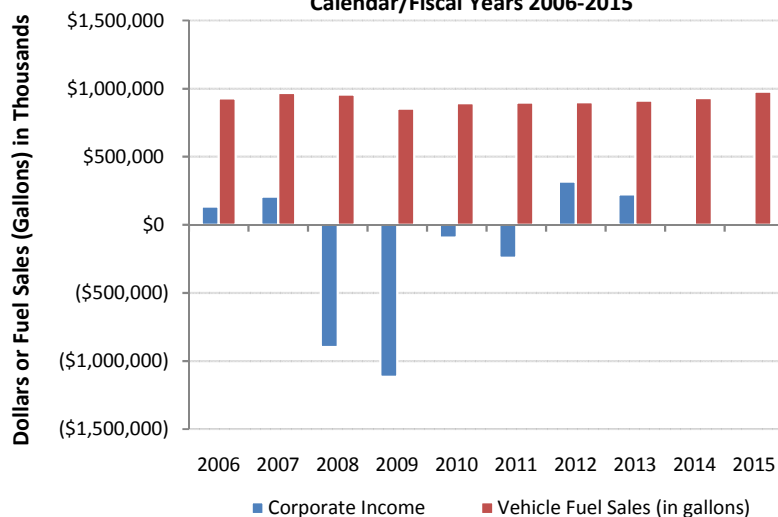
2012	2013	2014	2015
\$ 502,747	316,558	NA	NA
106,971	49,630	NA	NA
(352,035)	(127,839)	NA	NA
61,134	(14,541)	NA	NA
\$ 318,817	\$ 223,808	NA	NA
7.4%	7.4%	7.4%	7.4%

2012	2013	2014	2015
242,617	250,299	255,171	267,381
629,252	631,697	643,806	691,065
23	61	151	115
33	97	1,392	2,916
1,811	1,720	1,678	1,592
25,903	28,995	27,389	15,537
899,639	912,869	929,587	978,606
\$ 0.244	\$ 0.244	\$ 0.244	\$ 0.247

**Taxable Sales and Personal Income
Fiscal/Calendar Years 2006-2015**



**Corporate Income and Vehicle Fuel Sales
Calendar/Fiscal Years 2006-2015**



Schedule 6 - Revenue Rates

Fiscal/Calendar Years 2006-2015

Personal Income Tax Rates¹

	Calendar Year					
	2006	2007	2008	2009	2010	2011
Tax Rate	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
Income Levels (S, MFS) ²	\$0-1,198	\$0-1,237	\$0-1,271	\$0-1,320	\$0-1,315	\$0-1,337
Income Levels (MFJ, HoH, QW) ²	\$0-2,395	\$0-2,474	\$0-2,544	\$0-2,642	\$0-2,632	\$0-2,675
Tax Rate	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%
Income Levels (S, MFS)	\$1,199-2,396	\$1,238-2,474	\$1,272-2,543	\$1,321-2,641	\$1,316-2,631	\$1,338-2,675
Income Levels (MFJ, HoH, QW)	\$2,396-4,791	\$2,475-4,948	\$2,545-5,088	\$2,643-5,284	\$2,633-5,264	\$2,676-5,351
Tax Rate	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%
Income Levels (S, MFS)	\$2,397-3,594	\$2,475-3,710	\$2,544-3,815	\$2,642-3,962	\$2,632-3,947	\$2,676-4,013
Income Levels (MFJ, HoH, QW)	\$4,792-7,187	\$4,949-7,420	\$5,089-7,632	\$5,285-7,926	\$5,265-7,896	\$5,352-8,027
Tax Rate	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%
Income Levels (S, MFS)	\$3,595-4,793	\$3,711-4,947	\$3,816-5,087	\$3,963-5,283	\$3,948-5,263	\$4,014-5,351
Income Levels (MFJ, HoH, QW)	\$7,188-9,585	\$7,421-9,894	\$7,633-10,176	\$7,927-10,568	\$7,897-10,528	\$8,028-10,703
Tax Rate	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%
Income Levels (S, MFS)	\$4,794-5,991	\$4,948-6,184	\$5,088-6,359	\$5,284-6,603	\$5,264-6,579	\$5,352-6,689
Income Levels (MFJ, HoH, QW)	\$9,586-11,981	\$9,895-12,368	\$10,177-12,720	\$10,569-13,208	\$10,529-13,160	\$10,704-13,379
Tax Rate	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%
Income Levels (S, MFS)	\$5,992-8,996	\$6,185-9,276	\$6,360-9,539	\$6,604-9,906	\$6,580-9,869	\$6,690-10,034
Income Levels (MFJ, HoH, QW)	\$11,982-17,971	\$12,369-18,552	\$12,721-19,080	\$13,209-19,814	\$13,161-19,740	\$13,380-20,069
Tax Rate	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%
Income Levels (S, MFS)	\$8,997-23,963	\$9,277-24,736	\$9,540-25,440	\$9,907-26,417	\$9,870-26,319	\$10,035-26,759
Income Levels (MFJ, HoH, QW)	\$17,972-47,925	\$18,553-49,472	\$19,081-50,882	\$19,815-52,836	\$19,741-52,640	\$20,070-53,519
Tax Rate ³	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%
Income Levels (S, MFS)	\$23,964 +	\$24,737 +	\$25,441 +	\$26,418 +	\$26,320+	\$26,760+
Income Levels (MFJ, HoH, QW)	\$47,926 +	\$49,473 +	\$50,883 +	\$52,837 +	\$52,641+	\$53,520+
Total Direct Rate⁴	7.7%	7.7%	7.6%	7.6%	7.6%	7.6%

Vehicle Fuel Tax Rates per Gallon

	Fiscal Year					
	2006	2007	2008	2009	2010	2011
Diesel	\$0.250	\$0.250	\$0.250	\$0.250	\$0.250	\$0.250
Gasoline	0.250	0.250	0.250	0.250	0.250	0.250
Propane	0.181	0.181	0.181	0.181	0.181	0.181
Natural Gas	0.197	0.197	0.197	0.197	0.197	0.197
Aviation	0.055	0.055	0.055	0.070	0.070	0.070
Jet	0.045	0.045	0.045	0.060	0.060	0.060
Total Direct Rate (per gallon of fuel)	\$0.243	\$0.242	\$0.242	\$0.243	\$0.245	\$0.245

Source: Idaho State Tax Commission.

Note: The Idaho State Legislature can raise the income and vehicle fuel tax rates by legislation, no vote of the populace is required per Idaho Constitution Art. VII Section 16, and Idaho Code Sections 63-3024 and 63-2402.

¹Idaho's personal income tax brackets are adjusted each year for inflation.

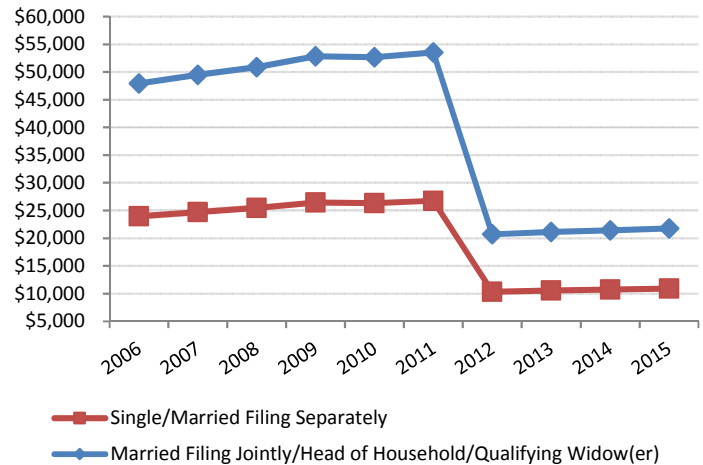
²Income categories are as follows: S = Single, MFS = Married Filing Separately, MFJ = Married Filing Jointly, HoH = Head of Household, QW = Qualifying Widower.

³Fiscal year 2012 legislative action reduced the top personal income tax rate from 7.8% to 7.4%.

⁴Personal Income data is currently not available for calendar years 2014 and 2015.

2012	2013	2014	2015
1.6%	1.6%	1.6%	1.6%
\$0-1,379	\$0-1,408	\$0-1,428	\$0-1,451
\$0-2,759	\$0-2,817	\$0-2,857	\$0-2,903
3.6%	3.6%	3.6%	3.6%
\$1,380-2,759	\$1,409-2,817	\$1,429-2,857	\$1,452-2,903
\$2,760-5,519	\$2,818-5,635	\$2,858-5,715	\$2,904-5,807
4.1%	4.1%	4.1%	4.1%
\$2,760-4,139	\$2,818-4,226	\$2,858-4,286	\$2,904-4,355
\$5,520-8,279	\$5,636-8,453	\$5,716-8,573	\$5,808-8,711
5.1%	5.1%	5.1%	5.1%
\$4,140-5,519	\$4,227-5,635	\$4,287-5,715	\$4,356-5,807
\$8,280-11,039	\$8,454-11,271	\$8,574-11,431	\$8,712-11,615
6.1%	6.1%	6.1%	6.1%
\$5,520-6,899	\$5,636-7,044	\$5,716-7,144	\$5,808-7,259
\$11,040-13,799	\$11,272-14,089	\$11,432-14,289	\$11,616-14,519
7.1%	7.1%	7.1%	7.1%
\$6,900-10,349	\$7,045-10,567	\$7,145-10,717	\$7,260-10,889
\$13,800-20,699	\$14,090-21,135	\$14,290-21,435	\$14,520-21,779
7.4%	7.4%	7.4%	7.4%
\$10,350+	\$10,568+	\$10,718+	\$10,890+
\$20,700+	\$21,136+	\$21,436+	\$21,780+

**Personal Taxable Income Level for Top Rate Payers
Calendar Years 2006-2015**



7.3% 7.3% NA NA

2012	2013	2014	2015
\$0.250	\$0.250	\$0.250	\$0.250
0.250	0.250	0.250	0.250
0.181	0.181	0.181	0.181
0.197	0.197	0.197	0.197
0.070	0.070	0.070	0.070
0.060	0.060	0.060	0.060
\$0.244	\$0.244	\$0.244	\$0.247

Schedule 7 - Revenue Payers by Industry/Category
Historical Comparison and Most Current Fiscal/Calendar Year
(dollars in thousands)

Sales Tax					As of June 30, 2014			
	Number of Filers	Percent of Total	Tax Liability	Percent of Total	Number of Filers	Percent of Total	Tax Liability	Percent of Total
Farm Earnings	355	0.6	\$ 470	0.1	852	1.2	\$ 930	0.1
Agricultural	1,051	1.7	5,385	0.5	1,056	1.5	6,867	0.5
Mining	134	0.2	3,298	0.3	175	0.3	3,280	0.2
Construction	3,987	6.5	23,014	2.0	3,925	5.6	24,147	1.8
Manufacturing	3,845	6.3	61,914	5.5	5,919	8.4	47,969	3.5
Transportation & Utilities	1,253	2.1	14,775	1.3	1,281	1.8	29,267	2.2
Wholesale trade	2,228	3.6	77,488	6.9	4,440	6.3	137,734	10.2
Retail trade	27,593	45.2	782,486	69.5	22,939	32.7	907,108	66.8
Finance, Insurance, and Real Estate	684	1.1	7,198	0.7	884	1.3	9,562	0.7
Services	19,335	31.7	115,155	10.2	20,645	29.5	143,129	10.5
Government	623	1.0	34,292	3.0	7,667	10.9	47,483	3.5
Unclassified					321	0.5	193	0.0
Total	61,088	100.0	\$ 1,125,476	100.0	70,104	100.0	\$ 1,357,476	100.0

Personal Income Tax					As of December 31, 2013			
Income Level	Number of Filers	Percent of Total	Tax Liability	Percent of Total	Number of Filers	Percent of Total	Tax Liability	Percent of Total
Under \$50,000	528,414	87.5	\$ 365,619	37.1	617,970	84.0	\$ 393,728	28.0
\$50,000 - \$99,999	56,253	9.3	255,998	26.0	80,440	10.9	371,410	26.4
\$100,000 - \$249,999	15,236	2.5	153,371	15.6	29,943	4.1	297,901	21.2
\$250,000 - \$999,999	3,843	0.6	115,920	11.8	6,474	0.9	195,877	14.0
\$1,000,000 and higher	559	0.1	94,151	9.5	842	0.1	146,375	10.4
Total	604,305	100.0	\$ 985,060	100.0	735,669	100.0	\$ 1,405,290	100.0

Corporate Income Tax					As of Tax Year 2013			
	Number of Filers	Percent of Total	Tax Liability	Percent of Total	Number of Filers	Percent of Total	Tax Liability	Percent of Total
Corporations	12,738	19.8	\$ 94,686	87.1	13,220	15.4	\$ 110,800	82.9
Sub-S Corporations	23,300	36.2	6,940	6.4	30,967	35.9	8,951	6.7
Partnerships	19,949	31.0	2,117	2.0	31,548	36.6	4,535	3.4
Fiduciary	8,388	13.0	4,940	4.5	10,457	12.1	9,314	7.0
Total	64,375	100.0	\$ 108,683	100.0	86,192	100.0	\$ 133,600	100.0

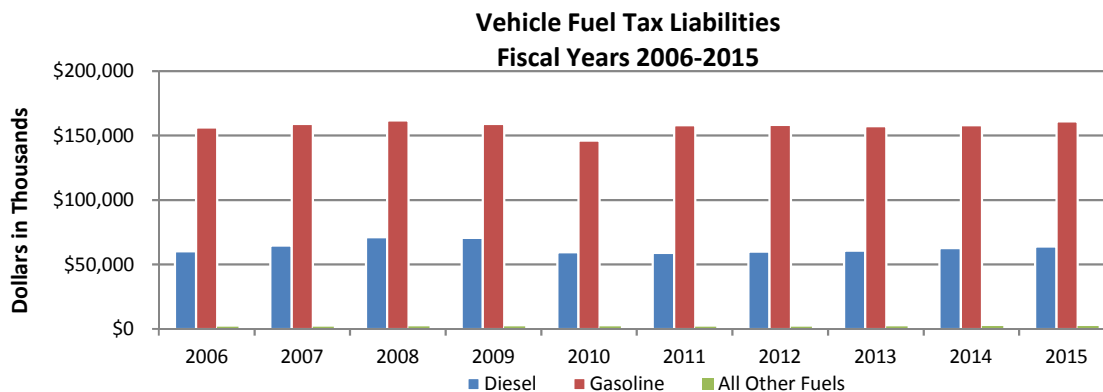
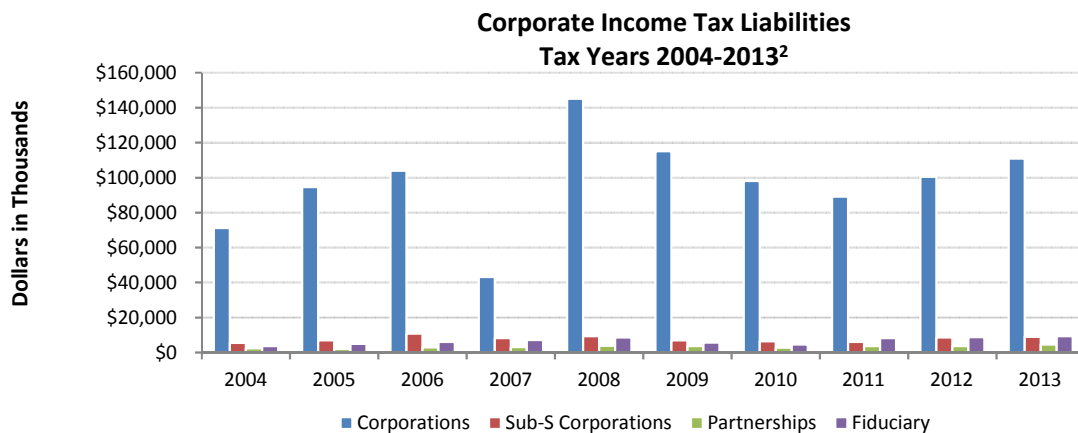
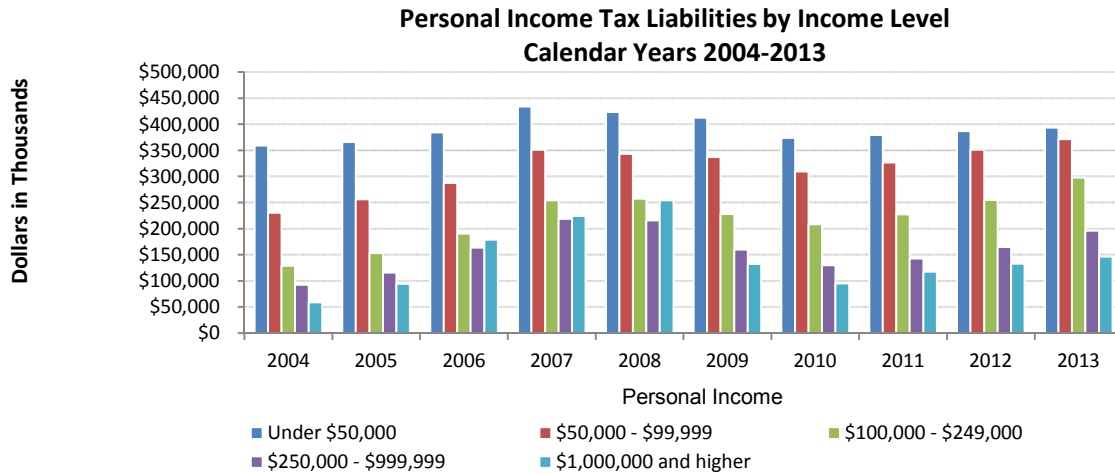
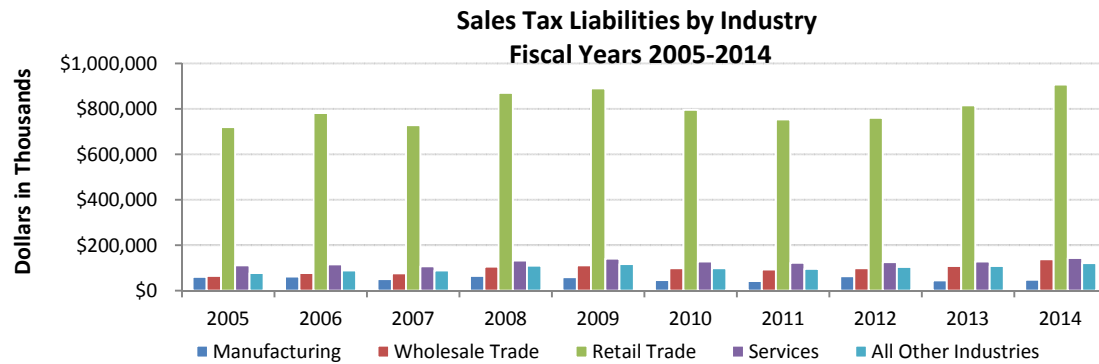
Vehicle Fuel Tax					As of June 30, 2015			
	Number of Filers ¹	Percent of Total	Tax Liability	Percent of Total	Number of Filers ¹	Percent of Total	Tax Liability	Percent of Total
Diesel	108	41.7	\$ 64,673	28.7	103	44.8	\$ 66,855	27.7
Gasoline	101	39.0	159,121	70.6	92	40.0	172,782	71.6
Propane	26	10.0	56	0.0	11	4.8	22	0.0
Natural Gas	2	0.8	9	0.0	2	0.9	574	0.2
Aviation	10	3.9	138	0.1	6	2.5	111	0.1
Jet	12	4.6	1,397	0.6	16	7.0	932	0.4
Total	259	100.0	\$ 225,394	100.0	230	100.0	\$ 241,277	100.0

Source: Idaho State Tax Commission.

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's revenue. The most current period for personal and corporate income tax information is calendar year 2013.

¹The total number of filers for vehicle fuel tax may contain the same filers counted more than once as some filers distribute more than one type of fuel.

²The corporate tax liability amounts for tax years 2006 through 2010 are revised based on data provided by Idaho State Tax Commission.



Schedule 8 - Outstanding Debt Ratios

Fiscal Years 2006-2015

(dollars in thousands, except per capita amount)

	2006 (as restated)	2007	2008 (as restated)	2009 (as restated)	2010 (as restated)	2011	2012 (as restated)	2013 (as restated)	2014	2015
Governmental Activities										
Revenue Bonds ¹	\$205,203	\$324,657	\$306,159	\$281,322	\$257,088	\$233,246	\$207,106	\$197,624	\$170,640	\$150,379
Capital Leases ²	13,929	12,209	11,997	11,475	33,229	32,761	28,967	27,394	25,862	24,319
Notes Payable ³	3,776	29,626	98,186	220,163	375,344	480,064	524,813	554,892	595,362	621,767
Total Governmental Activities	\$222,908	\$366,492	\$416,342	\$512,960	\$665,661	\$746,071	\$760,886	\$779,910	\$791,864	\$796,465
Business-Type Activities										
Revenue Bonds ⁴	\$319,308	\$402,181	\$443,016	\$449,410	\$473,667	\$457,631	\$457,113	\$464,334	\$445,651	\$477,546
Capital Leases	5,131	4,541	4,056	3,279	2,845	2,353	2,316	1,663	1,158	780
Notes Payable ⁵	16,284	16,802	20,155	50,195	216,183	214,144	204,745	156,449	105,919	55,117
Total Business-Type Activities	\$340,723	\$423,524	\$467,227	\$502,884	\$692,695	\$674,128	\$664,174	\$622,446	\$552,728	\$533,443
Total Primary Government	\$563,631	\$790,016	\$883,569	\$1,015,844	\$1,358,356	\$1,420,199	\$1,425,060	\$1,402,356	\$1,344,592	\$1,329,908
Debt as a Percentage of Personal Income⁶	1.2%	1.6%	1.8%	2.1%	2.7%	2.7%	2.6%	2.5%	2.2%	2.1%
Amount of Debt Per Capita⁶	\$384.4	\$525.9	\$577.2	\$655.2	\$863.9	\$897.0	\$893.1	\$869.0	\$822.4	\$801.6

Note: The Idaho Constitution Article VIII Section 1 amended in 1998 specifies that the Legislature shall not create any debts or liabilities, except in extreme emergencies, unless authorized by law and then approved by the people at a general election. This does not apply to liabilities incurred for ordinary operating expenses, nor debts or liabilities that are repaid by the end of the fiscal year. The debts or liabilities of independent public bodies corporate and politic created by law and which have no power to levy taxes or obligate the General Fund of the State are not debts or liabilities of the State of Idaho. Details regarding the State's debt can be found in Note 13 to the financial statements.

¹In fiscal years (FY) 2006 and 2007 the Idaho State Building Authority issued revenue bonds for state building projects.

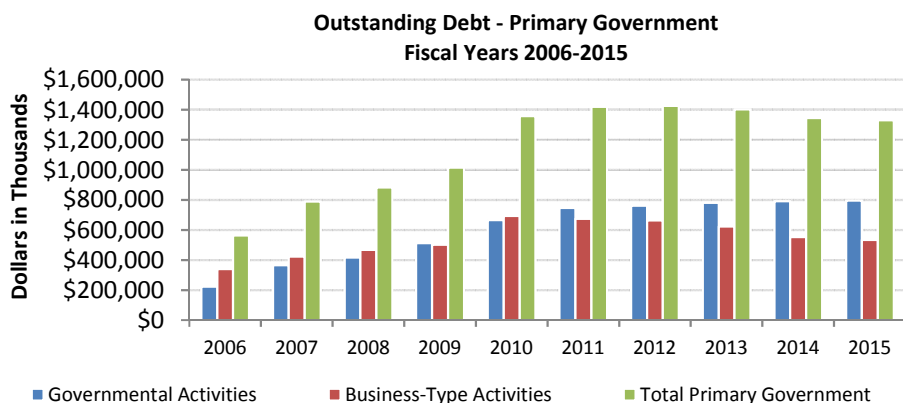
²In FY2010 the increase in capital leases is mainly attributable to new leases for land and buildings at the Department of Correction and the Department of Fish and Game.

³From FY2007-FY2015 the Idaho Transportation Department issued notes payable to the Idaho Housing and Finance Association for road and infrastructure improvements.

⁴For FY2007-FY2010 the colleges and universities issued revenue bonds for various projects.

⁵In FY2009 and FY2010 the increases in notes payable are mainly attributable to unemployment compensation loan funds received from the federal government. Changes in notes payable from FY2012-FY2015 resulted from repayment of loans from the Idaho Housing and Financing Association.

⁶These ratios are calculated using personal income and population for the current calendar year. See Schedule 11 for personal income and population data.



Schedule 9 - Other Long-Term Liabilities

Fiscal Years 2006-2015

(dollars in thousands)

	2006 (as restated)	2007 (as restated)	2008 (as restated)	2009 (as restated)	2010 (as restated)	2011 (as restated)	2012 (as restated)	2013 (as restated)	2014 (as restated)	2015
Governmental Activities										
Compensated Absences	\$ 56,245	\$ 56,629	\$ 56,599	\$ 54,893	\$ 51,996	\$ 61,095	\$ 62,775	\$ 56,470	\$ 49,466	\$ 49,874
Policy Claim Liabilities	36,002	17,867	20,164	19,753	16,956	13,869	15,450	17,963	14,305	11,304
Claims and Judgments ^{1,2}	34,486	33,825	141,777	113,115	79,970	180,773	178,173	96,324	69,495	170,849
Net Pension Obligation ^{3,7}	1,071	1,714	2,375	2,711	11,140	12,508	13,596	13,989	14,271	
Net Pension Liability ⁴										176,027
Net OPEB Obligation ⁵			20,018	20,373	22,169	23,851	24,720	24,520	24,491	25,458
Other Long-Term Liabilities									6,114	5,468
Total Governmental Activities	\$ 127,804	\$ 110,035	\$ 240,933	\$ 210,845	\$ 182,231	\$ 292,096	\$ 294,714	\$ 209,266	\$ 178,142	\$ 438,980
Business-Type Activities										
Compensated Absences	\$ 16,986	\$ 18,381	\$ 20,067	\$ 20,814	\$ 20,882	\$ 21,041	\$ 22,648	\$ 22,239	\$ 20,844	\$ 21,640
Claims and Judgments ²			445	528	1					
Net Pension Liability ⁴										31,898
Net OPEB Obligation ⁵			7,858	9,233	11,267	13,707	15,513	17,143	18,847	20,982
Voluntary Termination Benefits ⁶					894					
Other Long-Term Liabilities					124	416	633	968	1,309	1,139
Total Business-Type Activities	\$ 16,986	\$ 18,381	\$ 28,370	\$ 30,575	\$ 33,168	\$ 35,164	\$ 38,794	\$ 40,350	\$ 41,000	\$ 75,659
Total Primary Government	\$ 144,790	\$ 128,416	\$ 269,303	\$ 241,420	\$ 215,399	\$ 327,260	\$ 333,508	\$ 249,616	\$ 219,142	\$ 514,639

Note: Details regarding the liabilities listed above can be found in Note 13 to the financial statements.

¹In fiscal year (FY) 2008 the Department of Health and Welfare changed its method of reporting Medicaid claims to include an estimate for incurred but not reported claims from providers. The changes between FY2008 and FY2011 are due to fluctuations in payment cycles caused by budget shortfalls and migrating to a new payment system.

²Claims and judgments include arbitrage liabilities for FY2007-FY2015. Decrease to claims and judgements resulted from a decrease in Medicaid claims. In FY2015 there was an increase due to a change in calculation method by the Department of Health and Welfare.

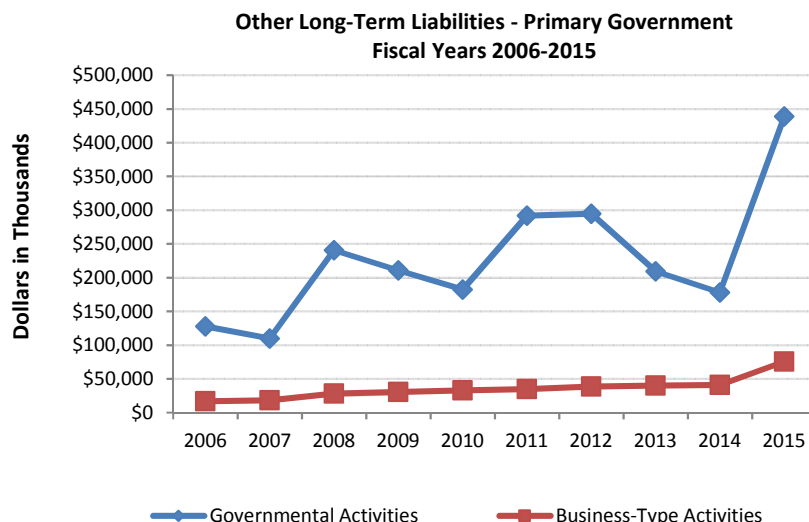
³In FY2010 the increase in the net pension obligation is mainly attributable to a restatement of the Idaho Judges' Retirement Fund due to a new actuarial valuation.

⁴Net pension liability was not required to be reported prior to FY2015.

⁵Net OPEB obligation was not required to be reported prior to FY2008.

⁶In FY2010 the University of Idaho established a voluntary Exit Incentive Program for eligible employees to leave University employment with an economic incentive.

⁷Due to the implementation of GASB Statement No. 68 in FY2015, the net pension obligation was removed and a net pension liability recorded.



Schedule 10 - Pledged Revenue Coverage

Fiscal Years 2006-2015

(dollars in thousands)

	2006	2007	2008	2009	2010	2011
Governmental Activities						
Notes Payable - Idaho Transportation Department¹						
Revenue:						
Federal Highway Grants ²	\$ 282,848	\$ 300,680	\$ 234,667	\$ 355,288	\$ 399,049	
State Funds	2,059	3,349	2,439	3,255	3,509	
Available Revenue	\$ 284,907	\$ 304,029	\$ 237,106	\$ 358,543	\$ 402,558	
Debt Service:						
Principal	\$ 2,426	\$ 20,240	\$ 30,589	\$ 8,176	\$ 20,936	
Interest	6,766	8,245	11,787	19,074	25,862	
Coverage	31.0	10.7	5.6	13.2	8.6	
Business-Type Activities						
Revenue Bonds - Colleges and Universities						
Revenue:						
Student Fees Pledged	\$ 138,670	\$ 144,471	\$ 179,630	\$ 197,711	\$ 212,768	\$ 236,690
Sale of Goods and Services Pledged	66,000	71,770	85,348	84,327	91,258	84,978
Other Income Pledged ³	7,178	9,867	31,174	25,337	22,641	36,803
Less: Operating Expenses	(51,842)	(52,020)	(58,259)	(59,487)	(61,226)	(61,342)
Net Available Revenue	\$ 160,006	\$ 174,088	\$ 237,893	\$ 247,888	\$ 265,441	\$ 297,129
Debt Service:						
Principal	\$ 10,725	\$ 11,890	\$ 15,610	\$ 9,755	\$ 13,190	\$ 15,085
Interest	15,217	13,728	20,793	19,473	20,339	20,243
Coverage	6.2	6.8	6.5	8.5	7.9	8.4
Revenue Bonds - Idaho Water Resources Board⁴						
Revenue:						
Sale of Goods and Services	\$ 876	\$ 908	\$ 816	\$ 886	\$ 983	\$ 990
Less: Operating Expenses	(101)	(162)	(117)	(149)	(117)	(124)
Net Available Revenue	\$ 775	\$ 746	\$ 699	\$ 737	\$ 866	\$ 866
Debt Service:						
Principal	\$ 100	\$ 290	\$ 305	\$ 325	\$ 340	\$ 360
Interest	357	310	294	277	259	240
Coverage	1.7	1.2	1.2	1.2	1.4	1.4
Notes Payable - Colleges and Universities⁵						
Revenue:						
Student Fees Pledged	\$ 147	\$ 148	\$ 148	\$ 146	\$ 142	\$ 169
Housing Fees Pledged	NA	NA	NA	417	445	430
Other Income Pledged						76
Less: Operating Expenses	NA	NA	NA	(297)	(154)	(107)
Net Available Revenue	\$ 147	\$ 148	\$ 148	\$ 266	\$ 433	\$ 568
Debt Service:						
Principal ⁶	\$ 98	\$ 102	\$ 106	\$ 127	\$ 114	\$ 366
Interest	41	37	33	63	25	176
Coverage	1.1	1.1	1.1	1.4	3.1	1.0

Note: Details regarding the State's outstanding bonds can be found in Note 13 to the financial statements. Operating expenses do not include interest or depreciation expense. Coverage equals net available revenue divided by debt service.

¹For fiscal years (FY) 2007-2015 the Idaho Transportation Department issued notes payable to the Idaho Housing and Finance Association to finance road and infrastructure improvements.

²In FY2009 federal highway grants received by the Idaho Transportation Department decreased mainly due to the delay in awarding construction contracts, the delay of related federal awards reimbursements, and decreased construction costs. In FY2010 grants increased because of the delayed reimbursement of FY2009 federal construction awards. In FY2012 and FY2013 grants decreased due to the near-term completion of the American Recovery and Reinvestment Act stimulus program.

³In FY2008 other pledged income increased mainly due to revenues pledged as collateral for all outstanding bond issuances by the University of Idaho. In FY2015 other pledged income increased due to an increase in student tuition and fees by the University of Idaho.

⁴In FY2006 the Board issued Series 2006 Refunding Bonds, defeasing the 1999 Series, accounting for the increase in debt service for FY2007.

⁵In FY2009 Lewis-Clark (LCSC) issued notes payable to purchase a residence hall; housing fees associated with the residence hall account for the increase in available revenue. In FY2012 and FY2013 LCSC issued notes payable to refinance Student Fee Refunding Revenue Bonds.

⁶In FY2013-2014 the increase resulted from LCSC's principal only payments.

2012	2013	2014	2015
\$ 334,747	\$ 292,619	\$ 294,620	\$ 324,598
3,829	4,033	4,329	4,598
<u>\$ 338,576</u>	<u>\$ 296,652</u>	<u>\$ 298,949</u>	<u>\$ 329,196</u>
\$ 19,957	\$ 21,975	\$ 24,203	\$ 27,180
26,836	28,188	28,417	30,740
7.2	5.9	5.7	5.7

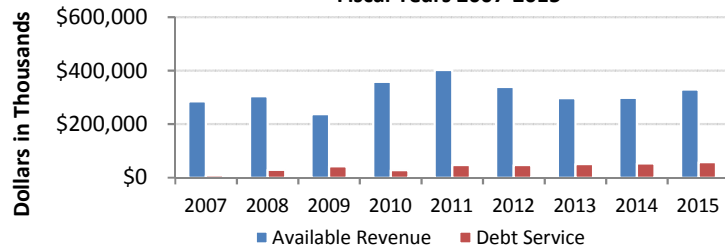
\$ 257,850	\$ 268,014	\$ 276,964	\$ 295,818
90,136	93,356	89,031	94,327
35,990	35,828	38,158	45,505
(65,802)	(69,901)	(69,339)	(66,212)
<u>\$ 318,174</u>	<u>\$ 327,297</u>	<u>\$ 334,814</u>	<u>\$ 369,438</u>
\$ 14,090	\$ 16,585	\$ 16,714	\$ 17,704
21,524	19,440	20,018	18,836
8.9	9.1	9.1	10.1

\$ 1,059	\$ 993	\$ 983	\$ 1,261
(136)	(161)	(123)	(214)
<u>\$ 923</u>	<u>\$ 832</u>	<u>\$ 860</u>	<u>\$ 1,047</u>
\$ 380	\$ 400	\$ 425	\$ 450
220	198	175	151
1.5	1.4	1.4	1.7

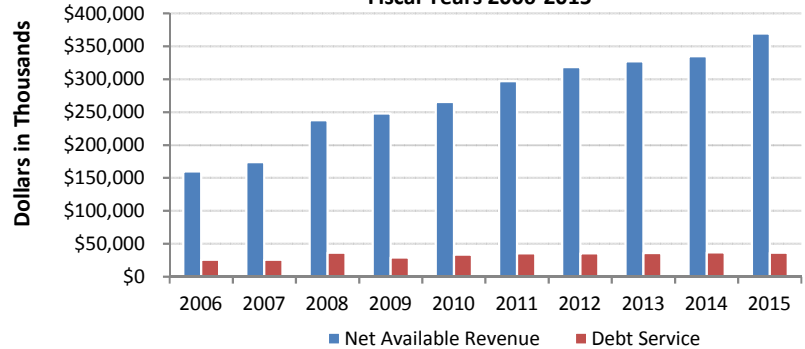
\$ 1,001	\$ 1,062	\$ 1,108	\$ 1,085
429	441	469	468
110	101	81	88
(410)	(402)	(442)	(428)
<u>\$ 1,130</u>	<u>\$ 1,202</u>	<u>\$ 1,216</u>	<u>\$ 1,213</u>

\$ 334	\$ 786	\$ 1,366	\$ 900
138	171	118	84
2.4	1.3	0.8	1.2

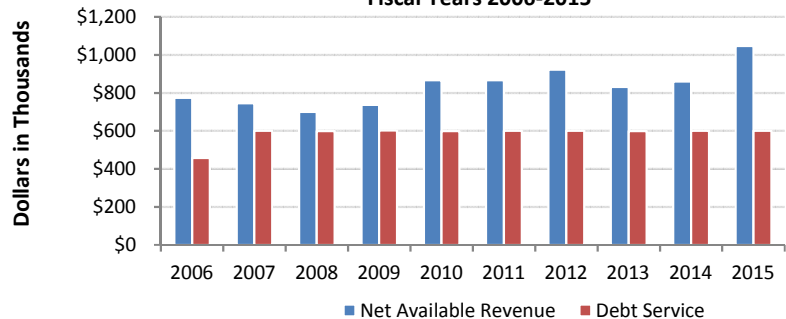
**Idaho Transportation Department, Notes Payable
Revenue and Debt Service
Fiscal Years 2007-2015**



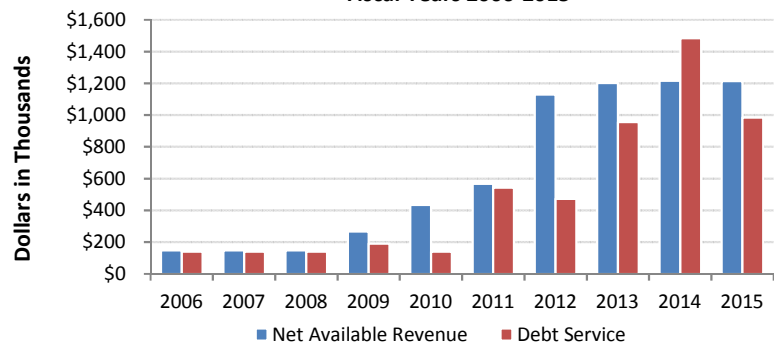
**Colleges and Universities, Revenue Bonds
Revenue and Debt Service
Fiscal Years 2006-2015**



**Idaho Water Resources Board, Revenue Bonds
Revenue and Debt Service
Fiscal Years 2006-2015**



**Colleges and Universities, Notes Payable
Revenue and Debt Service
Fiscal Years 2006-2015**



Schedule 11 - Demographic and Economic Indicators
Calendar Years 2006-2015

	2006	2007	2008	2009	2010	2011
Population						
Idaho (in thousands)	1,466	1,502	1,531	1,551	1,572	1,583
Change	2.8%	2.4%	1.9%	1.3%	1.4%	0.7%
National (in thousands)	299,282	302,227	304,948	307,580	310,110	312,467
Change	1.0%	1.0%	0.9%	0.9%	0.8%	0.8%
Total Personal Income¹						
Idaho (in billions)	\$ 47	\$ 50	\$ 50	\$ 49	\$ 50	\$ 53
Change	10.2%	5.7%	1.6%	-3.2%	3.2%	5.5%
National (in billions)	\$ 11,381	\$ 11,995	\$ 12,493	\$ 12,079	\$ 12,460	\$ 13,233
Change	7.3%	5.4%	4.2%	-3.3%	3.2%	6.2%
Per Capita Personal Income						
Idaho	\$ 31,994	\$ 33,015	\$ 32,928	\$ 31,472	\$ 32,014	\$ 33,554
Change	7.2%	3.2%	-0.3%	-4.4%	1.7%	4.8%
National	\$ 38,070	\$ 39,705	\$ 40,998	\$ 39,323	\$ 40,233	\$ 42,418
Change	6.3%	4.3%	3.3%	-4.1%	2.3%	5.4%
Median Age - Idaho²						
	33.9	33.9	34.0	34.1	34.6	34.9
Educational Attainment³						
8th Grade or Less	4.5%	3.9%	5.0%	4.5%	4.2%	4.5%
Some High School, No Diploma	8.2%	7.8%	7.1%	7.1%	7.5%	6.9%
High School Diploma	30.1%	29.9%	27.7%	28.8%	28.6%	27.5%
Some College, No Degree	25.4%	25.4%	27.6%	27.3%	27.0%	26.9%
Associate, Bachelor or Graduate Degree	31.7%	33.1%	32.5%	32.2%	32.7%	34.2%
Resident Civilian Labor Force and Employment in Idaho						
Civilian Labor Force	747,377	754,438	755,153	757,131	761,056	764,890
Employed	721,346	731,235	716,653	690,722	692,826	701,645
Unemployed	26,031	23,203	38,500	66,409	68,230	63,245
Unemployment Rate	3.5%	3.1%	5.1%	8.8%	9.0%	8.3%
Nonfarm Wage and Salary Workers Employed in Idaho						
Goods Producing Industries						
Mining	2,372	2,665	2,767	2,163	2,295	2,582
Logging and Wood Products	10,035	9,584	8,065	5,899	5,792	6,207
Computer and Electronics	16,663	16,216	14,305	11,098	10,574	11,192
Construction	52,043	52,592	45,010	34,403	31,295	30,356
Manufacturing-Durable Goods ⁴	17,905	18,401	17,499	15,207	14,806	15,280
Manufacturing-Nondurable Goods	23,234	23,861	24,583	23,634	23,261	23,364
Total Goods Producing Industries	122,252	123,319	112,229	92,404	88,023	88,981
Non-Goods Producing Industries						
Trade	107,465	111,651	110,453	102,269	100,836	101,885
Service	292,713	304,463	307,045	295,846	296,269	302,712
State and Local Government	103,531	103,976	105,987	105,993	104,878	104,519
Federal Government	12,879	12,820	13,200	13,496	13,691	12,653
Total Non-Goods Producing Industries	516,588	532,910	536,685	517,604	515,674	521,769
Total Nonfarm Wage and Salary Employment	638,840	656,229	648,914	610,008	603,697	610,750

Sources: Idaho Division of Financial Management, Idaho Department of Labor, Idaho State Board of Education, U.S. Bureau of Economic Analysis, and U.S. Census Bureau.

Note: Amounts for calendar years 2013-2015 are estimates. Prior year amounts may change due to revisions by the U.S. Bureau of Economic Analysis and the U.S. Census Bureau.

¹Total personal income is comprised of earned income, dividends, interest, rents, and government transfer payments.

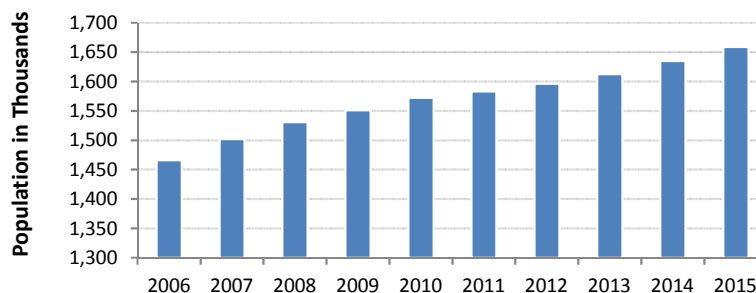
²Median age data for Idaho is not currently available for calendar year 2015.

³Educational attainment information is not currently available for calendar year 2015. Figures for 2006 through 2012 are revised.

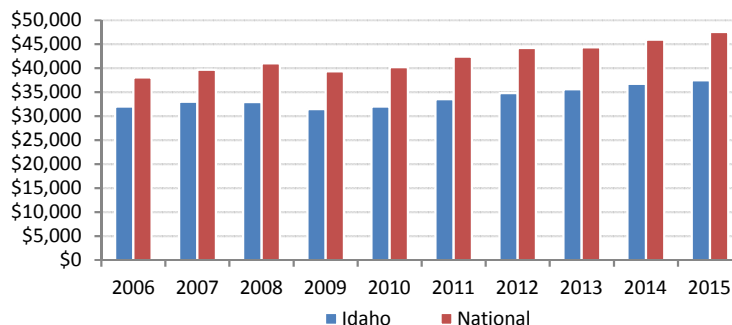
⁴"Manufacturing-Durable Goods" amounts are net of "Logging and Wood Products" and "Computer and Electronics" amounts, which are presented separately in this schedule.

2012	2013	2014	2015
1,596	1,613	1,635	1,659
0.8%	1.1%	1.4%	1.5%
314,790	317,130	319,464	321,871
0.7%	0.7%	0.7%	0.8%
\$ 56	\$ 57	\$ 60	\$ 61
4.7%	3.4%	4.4%	2.3%
\$ 13,904	\$ 14,064	\$ 14,683	\$ 15,129
5.1%	1.2%	4.4%	3.0%
\$ 34,842	\$ 35,648	\$ 36,733	\$ 37,488
3.8%	2.3%	3.0%	2.1%
\$ 44,203	\$ 44,361	\$ 45,995	\$ 47,584
4.2%	0.4%	3.7%	3.5%
35.2	35.5	35.7	NA
4.1%	4.3%	3.9%	NA
6.1%	6.3%	6.0%	NA
27.7%	27.4%	28.2%	NA
27.6%	26.7%	27.5%	NA
34.5%	35.3%	34.4%	NA
769,429	771,154	777,238	788,234
714,051	724,121	739,834	755,352
55,378	47,033	37,404	32,882
7.2%	6.1%	4.8%	4.2%
2,696	2,581	2,445	2,413
6,526	7,132	7,096	7,448
11,626	11,275	11,550	11,991
31,420	33,620	35,872	38,431
16,081	17,462	17,586	18,000
24,017	25,252	25,508	25,817
92,366	97,322	100,057	104,100
104,943	107,373	109,663	112,801
307,723	315,973	327,320	337,354
104,607	105,016	105,857	106,331
12,640	12,411	12,336	12,425
529,913	540,773	555,176	568,911
622,279	638,095	655,233	673,011

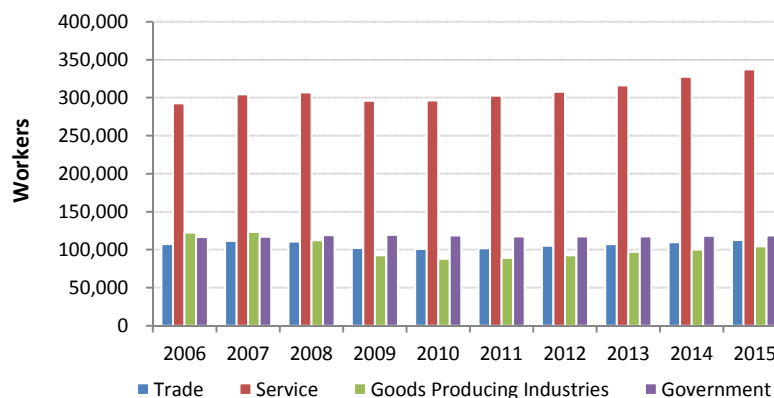
Idaho Population
Calendar Years 2006-2015



Per Capita Personal Income
Calendar Years 2006-2015



Nonfarm Wage and Salary Workers
Employed in Idaho
Calendar Years 2006-2015



Schedule 12 - Principal Employers
Current Year and Nine Years Ago

	As of June 30, 2006			As of June 30, 2015		
	Number of Employees	Rank	Percent of Total State Employment	Number of Employees	Rank	Percent of Total State Employment
Major Idaho Employers						
State of Idaho ¹	8,000-18,500	1	2.5	19,000-19,500	1	2.5
Federal Government	3,000-13,500	2	1.8	12,000-12,500	2	1.6
St Luke's Health System	4,000-4,500	6	0.6	9,000-9,500	3	1.2
Wal-Mart Associates, Inc.	6,000-6,500	4	0.9	7,000-7,500	4	1.0
Micron Technology, Inc.	9,000-10,000	3	1.3	5,500-6,000	5	0.8
Brigham Young University-Idaho				4,500-5,000	6	0.6
Meridian Joint School District #2	3,500-4,000	7	0.5	4,000-4,500	7	0.6
Boise Independent School District #1	3,500-4,000	8	0.5	3,500-4,000	8	0.5
Battelle Energy Alliance	3,000-3,500	10	0.5	3,000-3,500	9	0.4
St Alphonsus Regional Medical Center	2,500-3,000	12	0.4	3,000-3,500	10	0.4
Albertsons	5,000-5,500	5	0.7	3,000-3,500	11	0.4
Hewlett-Packard Co.	3,500-4,000	9	0.5			
J.R. Simplot Co.	3,000-3,500	11	0.5			
Total	77,250		10.7	76,250		10.0

Source: Idaho Department of Labor, except state employee data, which comes from the Office of the Idaho State Controller.

Note: All figures are based on a calendar year average. Total number of employees is based on the sum of the mid-points in the ranges given.

¹Number of state employees includes only full-time personnel.

Schedule 13 - Education Enrollment

Public School Enrollment Grades K-12

Academic Years 2005/06-2014/15

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Elementary	141,921	146,253	150,094	151,902	154,368	153,298	154,691	156,742	160,412	161,071
Secondary	120,061	121,347	122,025	123,252	124,236	125,237	126,149	127,576	128,651	129,938
Total All Grades	261,982	267,600	272,119	275,154	278,604	278,535	280,840	284,318	289,063	291,009

Source: Idaho Department of Education

Public Higher Education Enrollment

Student Headcount¹ (Calendar Years 2006-2015)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Boise State University	18,880	19,542	19,670	18,936	19,993	19,664	22,638	21,981	22,239	22,086
Idaho State University	12,679	13,362	12,644	13,493	12,595	12,587	13,860	13,351	13,455	13,032
University of Idaho	11,739	11,636	11,791	11,957	12,302	12,312	12,493	11,884	11,534	11,372
Lewis-Clark State College	3,211	3,269	3,334	3,521	3,822	3,761	3,830	3,585	3,616	3,635
Eastern Idaho Technical College	758	762	768	870	862	829	709	725	686	687
Total Colleges and Universities	47,267	48,571	48,207	48,777	49,574	49,153	53,530	51,526	51,530	50,812

Source: Idaho State Board of Education

Note: Total headcount includes academic full-time, academic part-time, and vocational students.

¹Figures are based on fall enrollment numbers for each year.

Schedule 14 - State Employees by Function

Fiscal Years 2006-2015

Full-Time Employees

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Tax Commission	387	389	392	393	368	373	406	426	425	425
Department of Administration	153	164	138	142	139	141	137	136	137	136
All Other	1,069	1,093	1,144	1,161	1,133	1,098	1,058	1,091	1,127	1,139
Public Safety and Correction										
Department of Correction	1,454	1,516	1,560	1,586	1,543	1,529	1,517	1,550	1,544	1,879
Idaho State Police	462	467	469	485	465	452	458	479	480	488
Department of Juvenile Corrections	333	342	350	396	381	382	387	384	387	398
All Other	333	339	336	349	327	362	354	373	566	417
Health and Human Services										
Department of Health and Welfare	2,764	2,885	2,917	2,922	2,887	2,642	2,606	2,611	2,647	2,614
Education										
Colleges and Universities	5,878	6,004	6,063	6,124	6,242	6,093	6,436	6,548	6,721	6,842
All Other	540	480	456	468	469	473	361	371	376	362
Economic Development										
Idaho Transportation Department	1,745	1,717	1,726	1,758	1,772	1,742	1,714	1,683	1,642	1,581
Department of Commerce and Labor ¹	553	496								
Department of Labor ¹			440	436	506	532	514	547	547	539
Department of Agriculture	302	307	301	293	279	245	249	253	261	257
All Other	840	840	933	932	909	981	966	992	990	999
Natural Resources										
Department of Environmental Quality	345	352	356	365	340	328	331	332	328	322
Department of Fish and Game	500	506	502	513	504	535	545	534	534	533
Department of Lands	225	234	244	242	235	227	231	239	238	253
Department of Parks and Recreation	146	141	146	155	147	131	132	136	132	135
All Other	182	181	193	195	182	174	171	167	162	159
State Total	18,211	18,453	18,666	18,915	18,828	18,440	18,573	18,852	19,244	19,478

Part-Time and Temporary Employees²

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	363	361	405	334	385	362	388	342	349	323
Public Safety and Correction	207	195	223	192	159	174	202	178	203	206
Health and Human Services	654	591	620	400	286	256	229	257	243	253
Education	2,638	2,740	3,347	2,880	2,532	2,509	2,587	2,655	2,514	2,441
Economic Development	936	900	896	907	838	884	774	732	705	643
Natural Resources	590	608	686	603	518	440	433	431	465	477
State Total	5,388	5,395	6,177	5,316	4,718	4,625	4,613	4,595	4,479	4,343

Source: Office of the Idaho State Controller.

¹In fiscal year (FY) 2008 legislative action separated the Department of Commerce from the Department of Labor.

²Part-time and temporary employees are those working less than full-time, including board and commission members.

Schedule 15 - Operating Indicators by Function
Calendar/Fiscal Years 2006-2015

	2006	2007	2008	2009	2010	2011
General Government						
Tax Commission						
Number of Returns Filed (<i>in thousands</i>)	2,204	2,180	2,292	2,220	2,226	2,260
Number of Returns Filed Electronically (<i>in thousands</i>)	345	386	436	457	492	543
Department of Administration						
Construction Projects Administered	424	538	529	443	431	399
Employees Covered by Benefit Plans	18,829	19,045	19,319	19,507	19,343	18,942
Public Safety and Correction						
Department of Correction¹						
Incarcerated Offenders	6,976	7,357	7,338	7,283	7,504	7,578
Supervised Offenders (as restated)	11,825	12,581	13,361	13,756	13,902	14,595
Idaho State Police						
Drug Related Arrests ²	598	989	850	895	982	1,021
DUI Arrests ²	817	1,744	1,654	1,977	2,441	2,003
All Other Arrests ²	724	811	1,278	1,281	1,163	1,262
Department of Juvenile Corrections						
Number of Juveniles in the System	725	710	744	659	568	529
Rate of Recombitment to DJC Custody	11.0%	11.6%	11.7%	18.4%	17.0%	15.0%
Health and Human Services						
Department of Health and Welfare¹						
Medicaid Enrollees ³	178,858	184,508	184,465	191,989	209,126	227,991
Percent of Population	12.2%	12.3%	12.0%	12.4%	13.3%	14.4%
Food Stamp Recipients	91,032	86,946	95,433	124,826	179,074	223,370
Percent of Population	6.2%	5.8%	6.2%	8.1%	11.4%	14.1%
Education						
Colleges and Universities¹						
Enrollment	47,267	48,571	48,207	48,777	49,574	49,153
Number of Certificates and Degrees Awarded	8,386	8,733	8,550	8,739	8,760	9,306
Economic Development						
Idaho Transportation Department						
Percent of Pavement Which is Deficient ¹	19%	20%	19%	20%	18%	16%
Vehicles Weighed (<i>in thousands</i>)	3,090	2,800	2,700	2,400	2,400	2,400
Department of Labor						
Individuals Registered for Employment	184,178	175,178	222,606	284,205	334,896	331,449
Job Openings Received	101,502	96,239	77,012	46,967	47,956	69,323
Department of Agriculture						
Conduct Disease Tests on Animals ⁴	118,821	208,338	303,184	367,698	362,905	676,604
Inspections of Dairy Farms	6,866	6,632	5,897	7,919	6,932	7,653
Natural Resources						
Department of Environmental Quality						
Air Quality Sites Monitored	42	35	31	42	41	43
Water Sites Monitored ⁵	658	506	610	0	128	101
Department of Fish and Game						
Citations and Warnings Issued	4,790	6,140	5,411	5,435	4,799	4,053
Hatchery Fish Raised (<i>in thousands</i>) ²	40,649	35,502	29,573	22,676	27,085	32,351
Hunting and Fishing Licenses Sold ²	521,489	572,617	536,681	571,179	548,949	523,698
Department of Lands¹						
Forest Products Harvested (<i>in million board feet</i>)	206	215	225	190	212	273
Fires Responded to on IDL Land	445	349	247	352	183	249
Department of Parks and Recreation						
Park Visitation (<i>in thousands</i>) ^{1, 2, 6}	2,738	4,248	4,203	4,460	4,389	4,783
Recreational Registrations (<i>in thousands</i>) ⁶	256	273	274	286	272	268

Sources: Idaho Division of Financial Management; Idaho State Tax Commission; Office of the Idaho State Controller; Idaho State Police; Idaho State Board of Education; and the Idaho Departments of Administration, Correction, Juvenile Corrections, Health and Welfare, Transportation, Labor, Agriculture, Environmental Quality, Fish and Game, Lands, and Parks and Recreation.

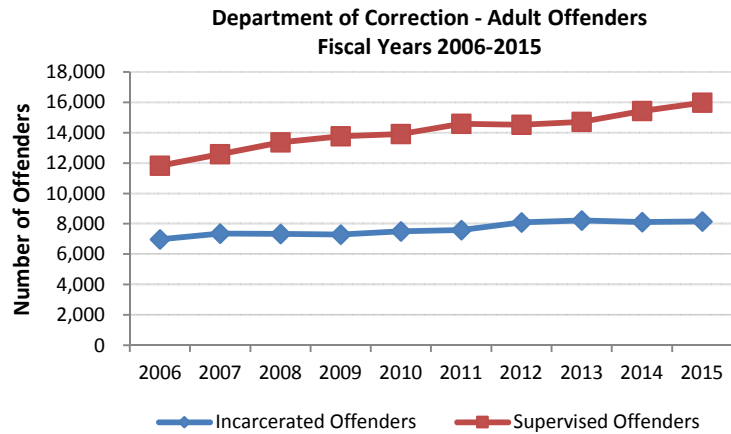
Note: Operating indicators for fiscal years (FY) 2014 and 2015 are estimates unless otherwise noted below.

¹Operating indicators for 2014 are actual amounts, not estimates.

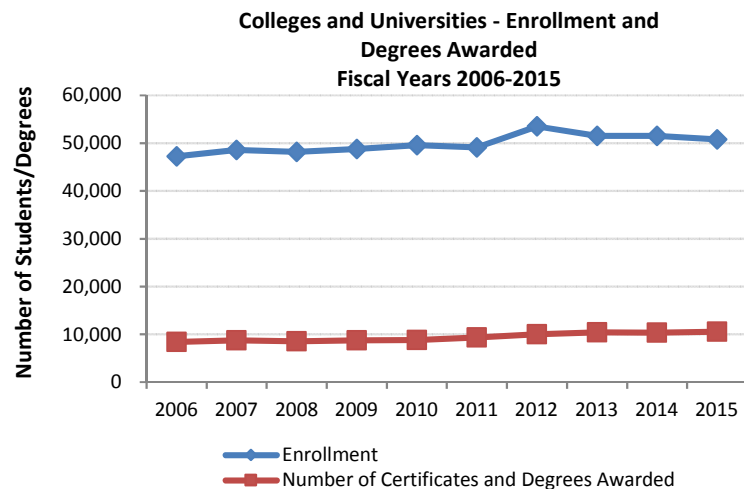
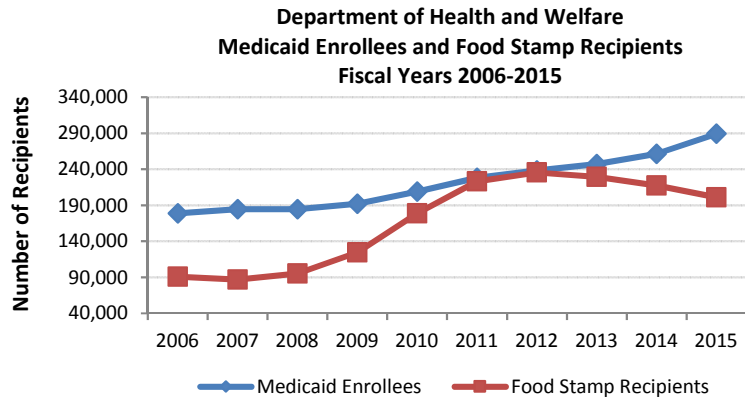
²Operating indicators are reported on a calendar year basis.

³In FY2007 the Department of Health and Welfare changed methods for calculating the number of Medicaid enrollees.

2012	2013	2014	2015
2,316	2,350	2,390	2,415
568	587	616	695
345	293	296	311
19,018	19,247	19,592	19,831
8,097	8,221	8,120	8,157
14,530	14,705	15,433	15,970
1,454	1,411	1,559	1,456
1,845	1,659	1,304	1,197
1,145	1,101	1,071	876
553	550	498	467
12.0%	18.2%	13.0%	14.0%



238,165	247,151	261,639	289,303
14.9%	15.3%	16.0%	17.4%
235,502	229,586	217,553	201,094
14.8%	14.2%	13.3%	12.1%
53,530	51,526	51,530	50,812
9,980	10,382	10,356	10,518
13%	14%	14%	14%
2,314	2,281	2,433	2,514
301,338	277,111	255,891	200,771
57,189	80,283	101,897	107,353
100,454	110,944	105,090	99,276
8,024	8,786	8,854	8,688
39	40	40	40
237	237	290	231
4,175	3,480	4,868	4,348
23,007	23,837	35,253	30,774
573,714	566,460	576,063	600,328
287	290	274	NA
187	322	351	NA
4,638	4,777	4,821	NA
262	275	270	NA



⁴In FY2011 and FY2012 the increase and decrease in disease testing on animals is attributed to brucellosis testing.

⁵In FY2009 the Department of Environmental Quality suspended surface water monitoring activities due to the FY2009 budget cuts.

⁶Park visitation is counted in visitor days. Recreational registrations include boats, snowmobiles, all-terrain vehicles, and Park N' Ski permits.

Schedule 16 - Capital Assets by Function
Fiscal Years 2006-2015

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Department of Administration										
Buildings (<i>square footage in thousands</i>)	741	741	728	728	728	728	728	728	719	754
Public Safety and Correction										
Department of Correction										
Buildings	94	97	97	98	101	104	105	80	84	87
Vehicles	339	353	392	342	359	367	384	401	394	402
Idaho State Police										
Vehicles	422	441	431	443	431	459	419	430	466	493
Machinery and Equipment ¹	783	846	867	928	810	915	857	886	1,084	1,138
Department of Juvenile Corrections										
Buildings (<i>square footage in thousands</i>)	252	252	250	250	239	239	242	224	224	224
Vehicles	53	52	54	53	56	56	54	56	60	56
Health and Human Services										
Department of Health and Welfare										
Buildings (<i>square footage in thousands, restated</i>) ²	928	914	914	978	1,705	1,700	1,698	1,715	1,726	1,487
Vehicles	517	539	518	520	501	485	480	431	494	501
Education										
Colleges and Universities										
Buildings (<i>square footage in thousands</i>)	12,265	12,539	12,890	13,612	13,931	14,198	15,024	15,098	15,161	15,117
Economic Development										
Idaho Transportation Department										
Highway Lane Miles ³	11,874	11,877	11,930	11,944	11,989	11,998	12,222	12,222	12,236	12,269
Vehicles ⁴	804	818	801	837	848	823	841	823	766	748
Heavy Equipment ⁴	1,382	1,444	1,494	1,535	1,536	1,532	1,543	1,407	1,192	1,098
Department of Agriculture										
Scientific and Laboratory Equipment	156	162	165	176	165	153	160	152	156	100
Vehicles	191	209	201	195	196	177	195	203	223	206
Natural Resources										
Department of Environmental Quality										
Air Monitoring Instruments	131	119	124	166	167	171	196	185	185	156
Water Sampling/Quality Equipment	94	87	88	76	78	78	80	81	81	27
Department of Fish and Game										
Hatcheries	19	19	22	22	23	23	23	23	23	23
Vehicles	692	646	621	670	636	638	665	682	704	707
Boats	296	289	286	287	281	280	279	287	284	84
Wildlife Management Areas	33	33	33	33	32	32	32	32	32	32
Department of Lands										
Acres of Land (<i>in thousands</i>) ³	2,460	2,460	2,461	2,460	2,446	2,449	2,448	2,448	2,442	2,442
Vehicles	346	353	351	350	356	343	362	359	371	375
Department of Parks and Recreation										
State Parks	34	35	35	35	30	30	30	30	30	30
Acres of State Park Land (<i>in thousands</i>)	60	61	61	61	60	60	60	60	60	60
Buildings	295	324	329	336	351	349	365	368	372	348
Vehicles	257	288	312	343	329	320	313	327	318	314

Sources: Office of the Idaho State Controller; Idaho Departments of Juvenile Corrections, Health and Welfare, Transportation, Environmental Quality, Fish and Game, Lands, and Parks and Recreation; and Idaho colleges and universities.

Note: The Idaho State Tax Commission, the Department of Commerce, and the Department of Labor are not capital-asset intensive.

Note: In fiscal year (FY)2015 a change in methodology for calculating capital-assets resulted in a variance from FY2014

¹In FY14 Idaho State Police ordered more vehicles and related equipment than in prior years.

²FY2010-2014 include leased buildings and have been restated.

³Highway lane miles and acres of land for FY2015 are based on estimates.

⁴Idaho Department of Transportation (ITD) vehicles and heavy equipment have been restated for FY2005-2013. During FY2014 ITD actively reduced the amount of heavy equipment.



Schedule 17 - Assets, Liabilities, and Fund Balances

General Fund Accounts

June 30, 2015

(dollars in thousands)

	State General Account	Permanent Building	Budget Stabilization	Millennium	Income Earnings
ASSETS					
Cash and Cash Equivalents	\$ 2				
Pooled Cash and Investments	273,699	\$ 42,792	\$ 256,089	\$ 35,488	\$ 141,235
Investments		11,232			130
Securities Lending Collateral	38,679		44,303		24,543
Accounts Receivable, Net	2,377		2,277	12,500	1,261
Taxes Receivable, Net	477,547	2,741			340
Interfund Receivables	40,481	537			13
Inventories and Prepaid Items	3,049			709	
Loans, Notes, and Pledges Receivable, Net					
Other Assets	236	45	269		150
Restricted Assets:					
Cash and Cash Equivalents				1,141	
Investments				236,121	
Total Assets	\$ 836,070	\$ 57,347	\$ 302,938	\$ 285,959	\$ 167,672
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 251,157	\$ 2,731		\$ 225	\$ 1,839
Payroll and Related Liabilities	16,215	113		1	46
Interfund Payables	2,630				511
Due to Other Entities	56		\$ 64		35
Unearned Revenue	250	6,265			
Amounts Held in Trust for Others	1,856				
Obligations Under Securities Lending	40,637		46,546		25,786
Other Accrued Liabilities	558	1,887	20		11
Total Liabilities	313,359	10,996	46,630	226	28,228
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows	280,292	43		12,500	2
Fund Balances					
Nonspendable:					
Inventories and Prepaid Items	3,049			709	
Noncurrent Receivables					
Restricted				247,097	
Committed		46,308			139,442
Assigned	1,432			133	
Unassigned	237,938		256,308	25,294	
Total Fund Balances	242,419	46,308	256,308	273,233	139,442
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 836,070	\$ 57,347	\$ 302,938	\$ 285,959	\$ 167,672

Sales Tax	Income Tax Refunds	Catastrophic Health Care	Legislative	Warrant Deficiency	Miscellaneous	Total
\$ 45,612	\$ 1,801	\$ 22,731	\$ 4,451	\$ (11,016)	\$ 113	\$ 115
					158,089	970,971
					19,999	31,361
					27,681	135,206
				6,240	3,044	27,699
19,543	86,352				583	587,106
					399	41,430
				6,082	183	10,023
					2,468	2,468
					280	980
595					953	2,689
					1,171	237,292
\$ 65,750	\$ 88,153	\$ 22,731	\$ 4,451	\$ 1,306	\$ 214,963	\$ 2,047,340
				\$ 639	\$ 682	\$ 257,273
			\$ 151	524	1,647	18,697
				58	60	3,259
\$ 67,959					40	68,154
					698	7,213
					20,610	22,466
					29,083	142,052
					54	2,530
67,959			151	1,221	52,874	521,644
2,057	\$ 66,053				313	361,260
				6,082	183	10,023
					271	271
	22,100				4,924	274,121
		\$ 22,731			130,688	339,169
			4,300		45,492	51,357
(4,266)				(5,997)	(19,782)	489,495
(4,266)	22,100	22,731	4,300	85	161,776	1,164,436
\$ 65,750	\$ 88,153	\$ 22,731	\$ 4,451	\$ 1,306	\$ 214,963	\$ 2,047,340

Schedule 18 - Revenues, Expenditures, and Changes in Fund Balances**General Fund Accounts****For the Fiscal Year Ended June 30, 2015***(dollars in thousands)*

	State General Account	Permanent Building	Budget Stabilization	Millennium	Income Earnings
REVENUES					
Sales Tax	\$ 1,218,998	\$ 5,000			
Individual and Corporate Taxes	1,627,249	6,978			\$ 544
Other Taxes	22,400	15,907			4,113
Licenses, Permits, and Fees	10,742				1,169
Sale of Goods and Services	498	247			5,070
Grants and Contributions	33				43
Investment Income	7,919	842	\$ 154	\$ 4,503	(116)
Tobacco Settlement				24,183	
Other Income	1,637	6			693
Total Revenues	2,889,476	28,980	154	28,686	11,516
EXPENDITURES					
Current:					
General Government	86,270	21,213	87	1,225	72
Public Safety and Correction	279,966			2,309	2,031
Health and Human Services				2,664	4,291
Education	119,993			50	1,415,073
Economic Development	22,676				735
Natural Resources	17,494				
Capital Outlay	16,652	34,562		1	856
Intergovernmental Revenue Sharing	24,077			487	3,463
Debt Service:					
Principal Retirement	934	217			
Interest and Other Charges	9,933	89	151		84
Total Expenditures	577,995	56,081	238	6,736	1,426,605
Revenues Over (Under) Expenditures	2,311,481	(27,101)	(84)	21,950	(1,415,089)
OTHER FINANCING SOURCES (USES)					
Sale of Capital Assets	200				
Transfers In	3,056,915	54,156	83,267	19,959	1,523,668
Transfers Out	(5,357,073)	(38,212)	(689)	(19,959)	(93,971)
Total Other Financing Sources (Uses)	(2,299,958)	15,944	82,578		1,429,697
Net Change in Fund Balances	11,523	(11,157)	82,494	21,950	14,608
Fund Balances - Beginning of Year, as Restated	230,896	57,465	173,814	251,283	124,834
Fund Balances - End of Year	\$ 242,419	\$ 46,308	\$ 256,308	\$ 273,233	\$ 139,442

General Account						
Sales Tax	Income Tax Refunds	Catastrophic Health Care	Legislative	Warrant Deficiency	Miscellaneous	Transfer Eliminations
\$ 221,739	\$ 5,554				\$ 4,387	
	42,180				7,729	
	9,139				6,305	
		\$ 107		\$ 117	8,903	
				34	24,944	
					12,680	
		(36)			456	
		2,541	\$ 3	5,520	52,271	
221,739	56,873	2,612	3	5,671	117,675	
			6,652	19	11,561	
					6,274	
		17,868			16	
					47,284	
				255	18,037	
				22,426	4,432	
		1	84	70	4,160	
224,349	449				2,065	
						1,151
					95	10,352
224,349	449	17,869	6,736	22,770	93,924	2,433,752
(2,610)	56,424	(15,257)	(6,733)	(17,099)	23,751	929,633
					79	279
		34,966	7,502	17,981	102,330	\$ (4,706,227)
	(55,595)				(74,255)	4,706,227
	(55,595)	34,966	7,502	17,981	28,154	(738,731)
(2,610)	829	19,709	769	882	51,905	190,902
(1,656)	21,271	3,022	3,531	(797)	109,871	973,534
\$ (4,266)	\$ 22,100	\$ 22,731	\$ 4,300	\$ 85	\$ 161,776	\$ 1,164,436

Schedule 19 - Miscellaneous Statistics

State Facts		Twenty Largest Communities in Idaho		
			2006	2015
State Capital	Boise	Boise	193,161	216,282
Admitted to the Union	July 3, 1890	Nampa	71,713	88,211
Nickname	The Gem State	Meridian	52,240	87,743
Motto	Esto Perpetua (Let It Be Perpetual)	Idaho Falls	52,338	58,691
Population	1,659,000	Pocatello	53,372	54,278
Highest Elevation Point	Mt. Borah	Caldwell	34,433	50,224
	12,662 Feet Above Sea Level	Coeur d'Alene	40,059	47,912
Lowest Elevation Point	Snake River at Lewiston	Twin Falls	38,630	46,528
	710 Feet Above Sea Level	Lewiston	31,081	32,482
Number of Lakes	More Than 2,000	Post Falls	23,162	29,896
State Bird	Mountain Bluebird	Rexburg	26,265	27,094
State Dance	Square Dance	Moscow	21,862	24,767
State Fish	Cutthroat Trout	Eagle	17,338	22,502
State Flower	Syringa	Kuna	10,153	16,999
State Fossil	Hagerman Horse	Ammon	10,925	14,685
State Fruit	Huckleberry	Chubbuck	10,707	14,229
State Gem Stone	Idaho Star Garnet	Hayden	11,906	13,870
State Horse	Appaloosa	Mountain Home	11,565	13,780
State Insect	Monarch Butterfly	Blackfoot	10,828	11,862
State Raptor	Peregrine Falcon	Garden City	11,424	11,420
State Song	"Here We Have Idaho"			
State Tree	Western White Pine			
State Vegetable	Potato			

Source: Idaho Fiscal Facts, 2006 & 2015

Source: Idaho Blue Book, 2015-2016

Idaho Fiscal Facts, 2015

Land Area and Use (in square miles)	
Land Area	83,557
Water Area	880
Federal Land	52,715
Total Non-Federal Land	30,842
Total Rural Land	79,379
Agricultural Land	12,534
Range Land	34,258
Forest Land	32,587

Land Area and Use amounts were converted from square acres to square miles at 640 acres to the mile.

Source: Idaho Blue Book, 2015-2016

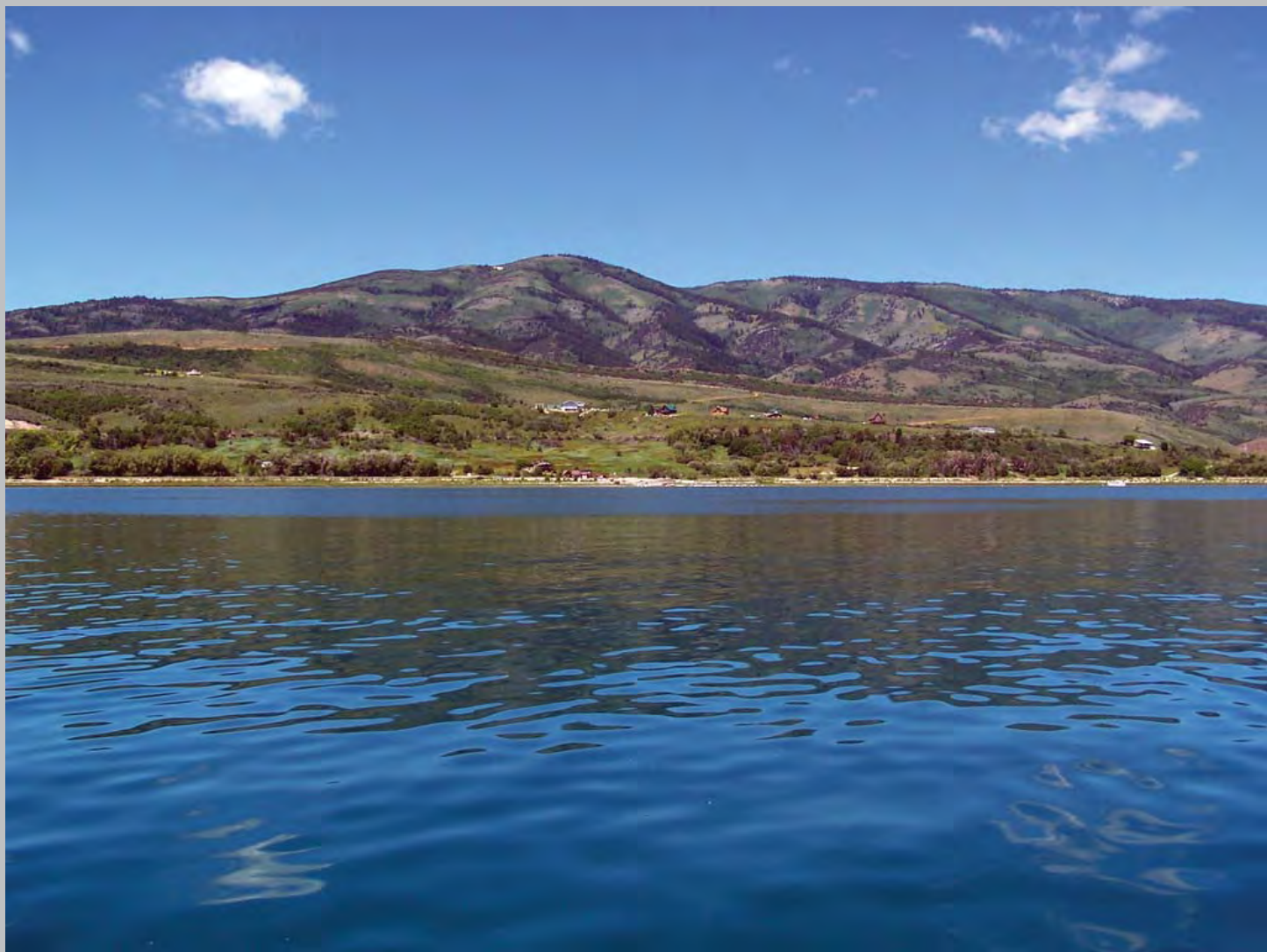
Idaho Fiscal Facts, 2015

Idaho Commodity Rankings		
Commodity	U.S. Rank	U.S. %
Potatoes	1	33
Austrian Winter Peas	2	30
Wrinkled Seed Peas	2	40
Barley	1	27
Sugarbeets	2	20
All Mint	3	21
Hops	3	8
Lentils	4	8
Dry Edible Peas	4	5
Dry Edible Beans	4	10
Sweet Cherries	5	1
All Wheat	6	5
Apples	10	1
All Hay	9	4

Source: Idaho Fiscal Facts, 2015



Lake Pend Oreille



Bear Lake

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